SUNDAY TIMES
business news

UK faces massive $ crisis bill

BY MALCOLM CRAWFORD, Economics Editor

A NEW WAVE of increases in Common Market food prices and import levies, which would raise both British food prices and the UK's contribution to the Community Budget, is now foreseen in Washington following a new analysis by officials of the backwash of the impending international currency realignment.

Washington officials, who have warned key members of Nixon's cabinet of the consequences, are not worried about Britain's market membership costs, of course, but are fearful about the effects of higher Common Market prices on surplus production in Europe. They foresee grain support prices in France, Italy, Britain, and Denmark going up, by an average of as much as 6%. As the import levies would go up too, America's already-dwindling grain exports to Europe could be topped, and bigger grain surpluses would flow outward from Europe and spoil America's world-wide grain sales.

For Britain, the threatened increases would add to her entry costs, over and above the price increases envisaged at the time membership was being negotiated. They would add to prices in the shops, and proportionately rather more to the balance of payments cost.

Washington officials have recommended that the US insist that the EEC stockpile future grain surpluses, instead of dumping them on world markets; limit subsidy payments for wheat used as feed grain in Community member countries; and abandon the increase in maize prices, which was decided last spring.

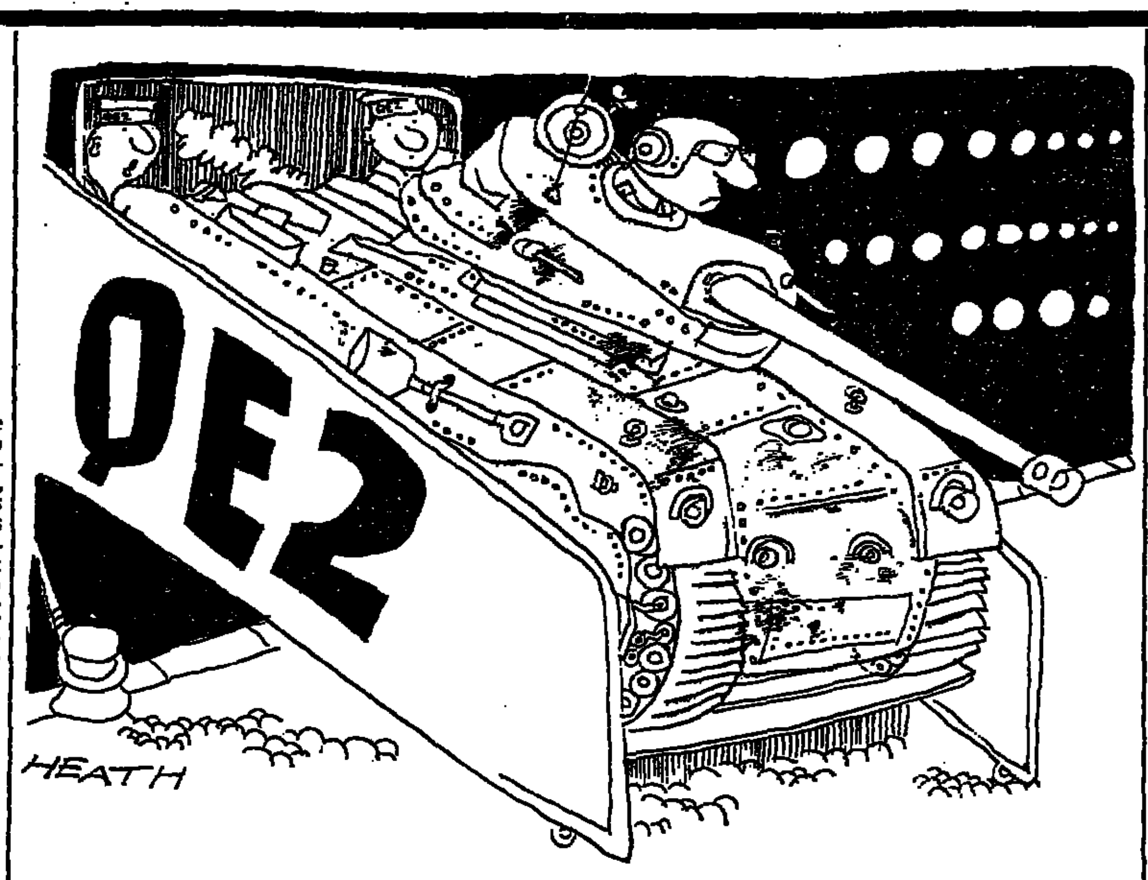
Officials are also preparing a list of demands for concessions by European countries on agricultural trade and non-tariff barriers, to be raised as a condition for dropping the import surcharge—in addition to the currency realignment.

The European Commission is preparing its own list of counter-demands, with the hope of making these issues, the subject of prolonged horse-trading — after removal of the surcharge.

The technical point which will raise farm product prices in France, Britain, Italy, and Denmark is this: prices of basic foodstuffs in the Common Market are linked to "target prices," expressed in "units of account" —each unit having the same ratio to gold as the US dollar. As the German D-mark has floated up about 10 per cent, and will probably be pegged at about that level, produce prices in terms of marks would fall—if the Germans would let them. But the German Government has made it plain that it intends to do no such thing. Instead, the whole structure, in terms of units of account will have to be raised in line with the revaluation of the D-mark.

The Six will not settle this without a bitter internal dispute, but it is expected that in the end, only the Italians will persist in objecting. Whether the candidate countries (such as Britain and Denmark) will have any say in the matter remains to be seen.

Connally has also been warned that if he raises the dollar price of gold, as part of the currency realignment, this could result in a revaluation of the Community's unit of account—which in turn could result in an across-the-board rise in farm product prices in the Common Market. This would depend on various future decisions, but is likely to add to Connally's many existing reasons for leaving the official gold price unchanged.



"IRA ? Oh no, it's just an ex-Cunard director gunning for Nigel Broackes."

How much law on the shop floor?

BY VINCENT HANNA

TOP PERSONNEL managers are expecting a difficult life under the Industrial Relations Act. Many still favour closed union shops and a big majority are prepared to make legal concessions for industrial peace.

Few managers show any enthusiasm for courts. More than 70% feel that legal sanctions are just a useful standby in industrial relations, and a massive 97% do not anticipate seeking any legal action under the Act next year.

But a large minority (39%) expect a legal action next year from their employees and unions.

These are the preliminary conclusions from a major survey carried out by The Sunday Times at the Institute of Personnel Management annual conference in Harrogate last week.

Faced with a practical example of union militancy, few managers were prepared to be heroes. We posed the problem of a union insisting that its next agreement should contain a clause stating that the agreement would not be legally binding. Only 15% were prepared to stand firm and say no. More than 70% said that they would rather concede the point for industrial peace.

Personnel managers are the front-line troops in the industrial relations war, the men who will have to make the Act work on the factory floor. The exclusive survey was aimed at 500 managers from Britain's top companies. Replies in full to 32 detailed questions about their company job and attitude were made by 350.

The preliminary results, taken from a cross section of 100 managers, show that the publicity of the past year about industrial relations has produced a feeling of caution in the personnel departments. The views in the survey, were those of individuals, not of companies, and of course not the policy of the IPM.

More than 25% of the managers operate currently under a "closed shop" system and more than 50% under a "100% union shop."

Surprisingly as many as 46% still favour the closed shop in general as against 43% who oppose it.

Our analysis showed that 35% thought the Act would affect their company a great deal and 50% felt that its influence would be slight. But 65% were sure that the Act would make their own job more difficult (14% thought that their life would be easier). In spite of that 69% saw personal relations with employees remaining at present levels.

The three firms in our cross section who expect to have a legal battle with the unions were all multi-national companies.

Next week Business News presents a full analysis of this exclusive guide to management attitudes under the Act, including comparisons with The Sunday Times survey at Harrogate last year.

Last ditch plan to save the Islander

BY JOHN FRYER

UP TO a month ago Britten-Norman, the Isle of Wight plane-makers, put in the hands of the receiver on Friday, was projecting a staggering rise in profits from £152,000 to £1.3 million in just two years. It was still hopeful of staying in business a few days ago, when its major creditor decided to call in its loan.

This emerged yesterday as the company's founders, John Britten and Des Norman, met the receiver at their Bembridge factory. It is now apparent that desperate efforts were made by the company to either transfer the business abroad or get a tie-up with a foreign group. This may yet be a possibility, and things should be a lot clearer by next Tuesday after the receiver has had a closer look at the books.

Britten-Norman, in fact, went to three countries to find a partner: Singapore, Israel and Rumania. Last month there was even a plan to shift production of Britten-Norman's 10-seat Islander and 18-seat Trislander aircraft to Singapore, where cheap labour and lower tax would make the planes more competitive.

Talks were started with London representatives of the Singapore Government and banks. Britten-Norman drew up figures for its next three years' trading which make optimistic reading. Turnover would rise, in two years, from £4.5 million to £7.7 million, and pre-tax profits from £152,000 to £1.3 million.

Transfer of the business to Singapore would reduce labour and tax so much that the cost of an Islander would come down by £5,270 (out of £35,000) and the Trislander by £9,430 (out of £100,000). This would increase projected profits by £599,000 a year. Including write-offs of development costs, profits could hit £1.3 million by the end of 1973. Further confidence by the company came with figures that showed it paying off debts, initially totalling £4 million, at around £500,000 every six months.

Britten-Norman offered prospective Singapore partners a 40% stake in the company for £1 million, although it reckoned they would recoup some £1.5 million from profits on its existing profit projections. However, the deal never took off.

John Britten admits that those figures were revised. The same thing presumably happened with the Israeli and Rumanian deals. Unfortunately for Britten-Norman, the Exporters Refinance Corporation (a subsidiary of Lloyds Bank) which had a £2.8 million loan outstanding with the company, decided to call in the receiver. The Government is owed around £250,000.

Nixon wins cut-price computer war

BY HARLOW UNGER, New York

THE US General Services Administration—the American Government's purchasing agency—confirmed yesterday that the £20 million Pentagon contract awarded last week for 35 large-scale Honeywell computers represented a 70% discount from normal commercial prices.

What the GSA called a "smashing victory over the computer industry monopoly" came after four years of battling in and out of court between the Government and the computer industry. The fight began in July, 1967, when the General Accounting Office forced the US Air Force into an abrupt cancellation of a £46 million computer order with International Business Machines Corporation. The GAO, which is congress's official watchdog over executive spending, learned that the USAF had awarded the contract to IBM despite bids ranging from £25 million to £30 million lower by Honeywell, RCA, and Burroughs. The three losers protested and started the inquiry that forced the USAF to cancel its IBM contract.

Since then, the Pentagon and other US agencies have forced companies to bid more and more competitively for Government awards, and the cut-throat competition reached its peak with this latest award. Even IBM's unsuccessful bid was 50% below list price—an unheard of bid by IBM.

The US Government is America's largest computer buyer. It now owns 5,900 computers, and the Pentagon alone will buy about £400 million worth this year.

Heath men say 'back Concorde'

BY TERRY HUGHES

MAJOR BOOST for the prospect of full-scale production of the Concorde Supersonic Airliner has been given by a confidential report produced by Lord Rothschild's Central Policy Review Unit (Edward Heath's think-tank).

This study, a series of papers on various aspects of the project, forecasts sales of between 120 and 150 planes within the first ... years of Concorde production. This is in line with the most optimistic projections made by the manufacturers, which had predicted sales of up to 200 planes during the whole production run of the aircraft, which could be 10 years or more. It is far more than the gloomy forecasts recently circulating among Government sources in Whitehall that sales could be as low as 24 aircraft. The Rothschild figure would indicate a production rate of above the two aircraft a month planned by the manufacturers.

The Rothschild Report, which drew on a number of sources including the manufacturers, the airlines, and Cooper Bros., the accountancy firm, is now with the Department of Trade and Industry. It seems likely to break the somewhat static situation the aircraft's programme is now in. Earlier this year the Government authorised a start on the first 10 aircraft which could be delivered to airlines from 1974 on. Previous work, costing Britain £300 million to date, had all been on prototypes and pre-production aircraft.

A first step could be authority to start work on eight more aircraft, making a total of 18. For, according to their option agreements, BOAC, Air France and Pan-American are due to take 18 aircraft between them, taking delivery alternately.

But before BOAC will take up its options it requires, besides guarantees of performance, flight and noise levels (which now look acceptable), a firm price and Government help to get landing rights. The price is expected to be around £13 million, but the Rothschild Report includes suggestions of making purchases easier for airlines, all of which are under considerable financial strain because of the introduction of Jumbo Jets at a time of static revenues. BOAC will not only need Government support to get the American authorities to agree to Concorde landing in New York; it also wants the right to land at Lagos on the crucial South African run. Earlier this year BOAC's West African routes were transferred to British Caledonian and BOAC has no landing right there at the moment.

A further boost to Concorde is coming from rivalry between China and Japan to be the first to introduce the aircraft in the Pacific, the fastest-growing air-market in the world and the one most suitable for Concorde. Following a recent and successful visit by the manufacturers to Peking at the invitation of the Chinese government, Japan Air Lines has now asked to increase the number of options from three to six aircraft. But it also wants to advance its place in the production queue as a condition of increasing any order it gets.

Hands off Europe, Japan told

BY DAVID BLAKE, Brussels

THE CONFEDERATION of British Industries, and Common Market equivalents, will warn the Japanese next week not to mount any major export drive to Europe to make up for sales lost by the US import surcharge. If the Japanese defy the warning the Europeans will press their governments to raise import barriers against them.

The warnings will be given at a meeting between Japanese and European business leaders in Brussels on Tuesday. The Japanese side consists of a delegation from the Keidanren—the Japanese confederation of industry—sent to Europe to get negotiations going again on the long-proposed liberalisation of Japan-Europe trade. Japanese goods face high barriers in some European countries.

Last spring talks began—largely because of pressure from the US seeking to divert its Japanese imports to Europe—but soon broke down. The main difficulty has been the European demand for the right to throw up emergency barriers, on a discriminatory basis, if home industries cry out for help.

The Japanese have insisted that the European countries should not claim any more emergency protection rights than the generalised one permitted by the GATT.

The Japanese delegation, led by Kogor Uemura, president of the Keidanren, will go all out to persuade the Europeans that they need not worry about a large-scale switch of Japanese exports. The Japanese will point out that the upward float of the yen is expected to hit their competitiveness. But German industry, equally harmed by the upward float of the mark, is particularly afraid of the Japanese.

In Tokyo, Japanese newspapers are speculating that their government is planning a revaluation of the yen by 12½%, to a new exchange rate of 320 per US dollar. A cabinet spokesman denied the reports. Press speculation has thrown up figures ranging from 10% to 16% for the expected new official yen rate.

The reports say that Japan is now sounding out the US on a 12½% revaluation, with 3% permitted margins—so that if market pressures pushed the yen up, it could move up on the exchange markets as high as 15.9% above the old parity.

SHOP!

The Great Escape

Complain for all you're worth: it still won't do you any good. That is the depressing message to emerge from a Quarter Session ruling in Croydon last week. A test case under the Trade Descriptions Act — the cornerstone of consumer legislation—determined that a guilty trader need not pay any compensation to his victim.

In June, Croydon magistrates told a local car dealer to pay a customer £230 compensation after falsely describing the condition of a secondhand car. This was in addition to a £250 fine. The appeal hearing, which ended last week, reduced the fine by £50—and quashed the compensation award.

The judge and two magistrates in Croydon have at least removed an ambiguity in the Act—but in doing so, made it clear that new legislation is needed: "We think the Trade Descriptions Act would be even more effective if magistrates could award compensation. Perhaps Parliament may think it right to give them this power."

Meanwhile, the overworked weights and measures men, when they mount prosecutions, have no chance to obtain redress for the consumer. To obtain compensation he must launch an entirely separate, complicated and expensive private legal action himself — for which, not surprisingly, few people have the resources.

Out of order

FOODMARKET, the telephone shopping advice service put out by the Post Office in London and the Home Counties puts up the shutters today. Official reason is that it has not attracted enough calls to cover the costs of its operation. The service has given weekly buying hints and guide prices each Sunday since May 1970. But when did you want to shop for food on a Sunday? Could be the Post Office got the day wrong? Why not bring it back—on Thursdays? Or, better still, every weekday.

Hidden bellyfillers

WHO would have thought that anything as unglamorous as dried peas could become an import saver and help to turn Britain's economic tide? Today 70% of them are grown in this country compared with less than half five years ago. Maybe nobody is willing to admit consuming these belly-fillers (their designation in the pea business), but £2 million worth of them are sold in Britain each year.

Biggest eaters are in the North West, Tyne Tees area, the Midlands and Scotland. Signs are that canned giant marrowfat peas are making a bit of a comeback too.

Riding the anchor

Escaping from inflation-prone Britain will cost you more next year. Without telling anyone, the main Channel ferry and hovercraft operators have increased their prices by up to 15%. We compared the 1972 Townsend-Thoresen brochure, just out, with this year's, and found a standard 10% rise for passengers, and 15% for cars and caravans.

British Rail's Sealink and Seaspeed services have not yet published their 1972 prices, but when they do, they will announce exactly the same increases. It emerges that in August the main operators quietly got together and agreed to put their prices up by the same percentage. So next summer the Dover crossing (to Calais, Ostend and Boulogne) will cost £3.30 per passenger, instead of £3, and £4.60 per Mini car instead of £4.

Among other things this conflicts with the CBI's 5% guide-line. Simple, British Rail explained: Channel crossings are international operations, and therefore the CBI recommendation does not apply.

Sorry Fred

OUR APOLOGIES to Fred, Homepride's chief flourgrader. The right price for the egg-cups Homepride is offering is 30p for two (plus coupons from the back of two 3lb bags of flour) not 3p as we said last week. Sorry.

Why Lien needs Londonderry

NORWAY'S best-publicised bankruptcy for years, a work-in at a factory in Bergen, and the romantic story of a Norwegian typewriter salesman turned cash-register tycoon, are all part of the tangled story of Northern Ireland's first new industrial investor from abroad this year.

On Friday it was announced that the Norwegian Jorgen S Lien Industrier was to move its manufacturing operations from Bergen to Springfield, near Londonderry, providing up to 450 jobs within three years. Ulster was stunned and disbelieving.

But Robin Bailie, Commerce Minister, was exhilarated. "Words cannot convey," he said, "what the company's decision will mean in terms of renewed confidence in Northern Ireland."

If he had been to Bergen he would be less ecstatic. Earlier this year Lien's company manufacturing cash-registers and adding machines in Bergen went bankrupt for over £1 million, putting more than 600 people out of work. A work-in was promptly organised, the workers raised over £100,000 to keep the company going, and appealed to Bergen Town Council for more help. But before this was organised Lien announced that he was getting out of Norway (though he is keeping a safe factory going) because of lack of help from the Norwegian Government which, he says, dates back to when he started in 1937.

Up till this year Lien had been Bergen's pride and joy. He allegedly learnt about electrical machinery assembling wireless sets for the Norwegian Resistance during the war, and since then has built up an international operation under the trade name of Regna. These operations including sales organisations in many parts of the world and factories in Australia and Austria, which were not declared bankrupt and it is to service them that Lien is investing in Northern Ireland.

The search for a new base of operations dates back before the bankruptcy. According to Louis Kamber, the Oslo-based South African-born lawyer for Lien, negotiations with the Stormont Government began in March, 1970. "In 1969 we started looking at sites outside Norway where the company was having a difficult time. Our industry needs a great deal of research and development money and access to government-sponsored research. In Norway we weren't getting it. . . . We looked at other parts of Europe offering development incentives and in particular at Italy and Spain but we could do better in Ulster than anywhere else. The other options didn't give R. and D. assistance."

Lien and Kamber feel the troubles have been exaggerated and were most impressed by the decision of Du Pont this summer to invest another £7 million in its Londonderry plant.

Kamber is so confident of success that it hopes the company will get a quotation on one of the British stock exchanges within the next three years. It is unclear whether the quote will be extended to Bergen.

Nicholas Faith

D-day for Blackpool 47

● The regular features People and Property and Get Ahead have been held over until next week.

business news City, investment, money

INDICATOR	PROFITS	DIVIDENDS		MAIN INDICES
Last week	£20.7m (+60.8%)	Up:	41	The Times Industrial Share Index 160.56 (—4.58 on the week)
		Down:	6	The Dow Jones industrial average 852.37 (—21.98 on the week)
		Same:	29	
Last 52 weeks	£5,006m (+4.4%)	Up:	1,646	FT-Actuaries all-share index 177.77 (—6.65 on the week)
		Down:	566	
		Same:	1,561	

Figures show annual pre-tax profits for companies reporting last week and over the 12 months.—Statistics by Exchange Telegraph

ATV banking on TV boom

WHAT'S UP

☐ *ATV is having trouble* with its once glamorous diversifications. *The TV film company* ITC committed 40% of its budget *to "The Persuaders,"* a series whose slump down the *American TV ratings will not* persuade anyone to re-order it; *the Beatle music firm* Northern Songs could produce *£100,000 less profit this year*; and Pye Records has lost its *important* Reprise *label.* But brokers are expecting the *massive* TV *industry recovery* to solve these problems, lifting profits from £4.9 million to the £6.5-£7 million range. This should keep the shares buoyant though they will become much more dependent on the politically vulnerable TV business again.

☐ Hidden in the small print of its annual report I notice that **Industrial Finance & Investment,** the Dawnay Day banking/ investment group, has picked up another chunk of shares in **Alfred Lockhart,** the plastic sheeting firm it once unsuccessfully bid for. The shares, from another less publicly repulsed would-be bidder, bring IFI up *to 10.6% of the Lockhart capital.* Since another bid now is *unlikely to prove welcome* presumably IFI will just wait *clutching its strategic holding.*

☐ It was curious to see the bear raid on **Tremletts** on Wednesday, knocking the shares back from 160p to 138p, just as managing director Jeffrey Pike was finalising his largest ever, £2 million, deal for seed crushing machinery. Profits are running high and after the half year's £287,000, I expect to see the year end with profits well over £500,000 compared with the £450,000 forecast. The shares recovered to 152p by Friday.

Rundown on the booming German car exports

EUROSHARE

DAIMLER-BENZ AG
Share price: DM 331 (£39);
Dividend: DM 8.5 (£1);
Yield: 2.6%;
Sales: £1,140 *million;*
Net profits: £29 million;
P/E ratio: 20.

BMW AG
Share price: DM 164.1 (£20);
Dividend: DM 6;
Yield: 3.6%;
Sales: £[illegible] million;
Net profits: £4.6 million;
P/E ratio: 20.

MOTOR SHOW visitors will see that German car makers have invaded the *UK* in strength. As **Thomas Tilling,** which has the *concession for Mercedes,* Volkswagen and Audi-NSU, showed *last week when declaring interim* profits one third higher, German *car exports are booming. In the* eight months to August they rose 16% and exports now account for a massive 57% of Germany's 2.7 *million car and commercial* vehicle production. Floating D Marks and the US *import surcharge* (the US takes 40% of *Mercedes and BMW exports*) have made life more difficult this year. BMW expects to lose £2 million from the float alone. But at least other countries are moving their currencies into line, so car shares have been showing signs of recovery on the depressed German stockmarkets.

Volkswagen is Germany's *biggest exporter and in addition* has recently suffered boardroom rows about the *inadequacy of* new model development, leading up to the *spectacular departure* of the boss Kurt Lotz. Daimler-Benz, the Mercedes company, *also* lost its chief executive in August, *in a row with the controlling* family shareholder Friedrick *Flick,* who owns 40% of the shares. Another 27% of Daimler *is in the hands of the Deutsche* Bank and 14% in the Quandt *family, who also control BMW.*

There has been on and off *pressure to merge these two makers* of quality cars for years, possibly *including* VW in a giant 'Deutsche Auto' company. BMW *has less than 4% of the market* and Mercedes about 17% in Germany. BMW will this year produce *165,000* cars and *19,000* motor cycles (50% more than 1970). *Daimler will make 300,000* Mercedes cars and 180,000 com*mercial vehicles. The Daimler* row was about the rate the company should expand — *it spent* £100 million last year. The Flicks were not prepared to put up the £25 million for the next stage.

BMW, also spending heavily — £120 million planned over the next five years — will raise its output from 700 cars a day to 1,000 a day next year, by an ingenious deal with Hungary. Following the spectacular failure of Mercedes to get in on the Ostpolitik on the huge Russian Kama river truck plant order, this was seen as a major coup.

Daimler still has the edge on BMW in profits. BMW earnings fell by a fifth last year while Daimler's raced to a new record and higher dividend. With a return on assets of 17%, Daimler is one of the most profitable and efficient vehicle builders in the world.

James Poole

The Watson lens men, Geoffrey (left) and Kelvin, keep an eye on the product

Elementary, my dear Watson, the value of a new lens

NEW ISSUES

NEXT MONTH could just see the birth of a glamour stock. The *basis sounds unpromising*—profits for the current year unlikely to run over *£140,000;* profit growth currently showing after several good years; and a very small placing—only 35% of *£100,000* issued capital.

However, Kelvin Watson, the company in question, could be an exception to the usual rule. Based in Manchester, its present speciality is the manufacture of rigid contact lenses by moulding rather than grinding. The potentially exciting item is Kelvin Watson's advanced research on "soft" contact lenses—the product, originally invented in Czechoslovakia, which made Bausch & Lomb one of Wall Street's *high-flyers last year, and* given an extremely health boost to the *shares of* Smith & Nephew, the UK concessionaires. Although *nothing is certain in this sort of* high-grade research, the hope here is that Kelvin Watson may be on the point of coming up *with something even better.*

The new lens is still being developed at Watson's in Manchester and at Aston University, *Birmingham.* It could still fail its promise, but work is far *enough advanced for the directors* to be confident that the end result will at least equal the rivals. And since the demand for contact lenses is steadily growing—5% of people who need glasses use contact lenses here, 10% in the US—the first firm actually to produce a more comfortable, more easily fitted lens is in a strong position. All the more since Kelvin Watson would be in a position to license its invention—just as it now plans to license its production innovations.

It is a heady thought, even for a company which already has 35% of the UK market for contact lenses. But Kelvin Watson is sensibly keeping its feet on the ground. "We're not going public on a wonder lens," says chairman Raymond Kelvin Watson. "We're going public on our record." Which shows a rising growth rate to *£127,000* until the current year, when the cost of selling off a loss-making Canadian subsidiary did nasty things to profit. Research costs—a mere £50,000 over 3½ years for the soft lens—are less than violent, and Kelvin Watson can now expect a return from licensing all its previous innova*tions, including* the moulding technique.

Kelvin Watson has cosmetic contact lenses too—even pink ones. "Some of the people who buy those call themselves conjurers," says division managing-director Charles Bloodworth. "But I wouldn't play cards with them. The lenses make it easier to see the markings on cards." But Kelvin Watson's basic business will remain solidly medical through 12 *profitable retail outlets and* a national system of con*sultants visiting optical practices.* And even without the wonder lens, the hard contact lens market is expanding fast.

*This week's action is in house*builders **M. P. Kent,** developing homes in the home-hungry South-West and the Home *Counties; and with 12% of turn*over in industrial development. *It does no construction work of* its own. Kent is going at 47p on *a 10.4 P/E based on forecast* profits of £310,000. That makes it under half the size of soaraway Fairview Estates which now stands on a 15 P/E. Kent is tight on cash, but its land bank should last it for three years, making land purchase a more remote call on resources. Kent is in the right geographical areas, and in a business which is turning up. A small-scale buy without great immediate profit prospects.

Michael Pye

Where there's rust there's bras[s]

TIME TO BUY

FOR A COMPANY whose profits are expected to increase by rather more than *20%* a year for the next three years. London and Midland Industrials' P/E of 7.8 (on forecast profits) is absurd. Even with the unpopular conglomerate tag, the fact is that profits in the past five years have risen from £192,000 to £926,000, with the chairman forecasting "not less than £1 million" in the current year to March 1972. That *should* be comfortably beaten, and by early next year the additional *profits from a new rust* inhibitor product, for which the company *has tied up an agreement* with British Leyland, should be increa*sing profits by a further 25%* a year at least in the next two or *three years until competitors* come in.

The rust device is a *chemical* which when applied to car doors *and other rust-attracting areas* prevents rust forming. British *Leyland is now recommending it* through its Austin-Morris dealers, and Ford and Chrysler are also interested. LMI expect to be able to build up to 150,000 units treated in 12 months, which would mean additional profits of around £250,000.

Meanwhile, LMI's other divisions are going very well. En[gin]eering services should [...] in £450,000. And with the acq[uisi]tion last week of R A P[...] stockholders and distributor[s of] fasteners, profits should be u[p] another £110,000.

Air conditioning and hea[t...] equipment is similarly d[...] good business. Profits [...] should be up to around £35[0...] this year. The only signifi[cant] trouble spot remains the ea[rth] moving equipment side, whe[re a] depressed market has only allowed a recovery to aro[und] £150,000. With another £23[0...] or so from the consumer gr[...] plus £120,000 underseal pr[...] the company should turn out [...] just over £1.1 million. With [the] benefit of Poole the P/E drop[s to] 7, and if a full year's contribu[tion] from the rust inhibitor is brou[ght in] the P/E could be under 6. [For] a company growing at the [rate] LMI is likely to achieve in [the] next two or three years, a cur[...] multiple of 12 would be caut[ious] —which implies that a price [of] around 160p would still be [on] the low side.

Buying price: 99p;
1971 high: 99p; low: 51p;
Yield: 5.1%;
Cover: 2.5;
P/E: 8.6;
Latest profit: £926,000.

Aziz Khan-Pa[...]

Critic pans Superstar Stigwood

MARKETMETER

Robert-Stigwood 94½p—21½p.

● PROBABLY for the first time a *theatre critic* has had a dramatic effect on the stock market. The butchering of **Robert Stigwood's** Broadway attraction "Jesus *Christ Superstar*" by New York Times critic Clive Barnes at a *time when the show is booked* solid for three months still knocked Stigwood shares last week. The point is that Super*star must run for four months to* recoup production costs for Uni*versal, the film company* which staked the money for the stage *show in return for film rights;* and after that it costs $50,000 a week to run. Stigwood shares only in profit, which Barnes' acid *pen could still eat away.*

Argyle Securities 112p—3½p.

JIM SLATER'S offer of 60p for *Scottish* property group Argyle Securities has closed with [...] takers since the market p[...] raced up to 112p, capitalis[ing] *Argyle at £5¾ million.* Slate[r is] left with his original 4[...] *Directors of Argyle refused* t[he] 1.4 million shares, and [the] market will be disappointed [...] no higher bid is planned. J[...] *O'Donnell who is going on* [the] board as chairman, with other Slater property men [...] be using Argyle for bids.

Plessey 119p—5p.

● PLESSEY'S £1.75 mil[lion] *profits fall to £3.4 million in* [the] first quarter was much worse t[han] *we expected. The market* t[ried] to pick up again after the [fall] *to 118p when the figures* w[ere] released. After a short recov[ery] *the share closed last week* [at] 119p, reflecting uncertainty ab[out] *the company's ability to get* b[ack] on to the level pegging half-[way] *mark (£11.2 million) which* [the] company has claimed it wo[uld] make.

THE SUNDAY TIMES MARKET MOVEMENTS

1970/71 High/Low | Stocks/Company | Price | Ch'ge | Div. pence | Yld. % | P/E

BRITISH FUNDS — FOREIGN STOCKS — DOLLAR STOCKS — BANKS AND DISCOUNTS — BREWERIES AND DISTILLERIES — COMMERCIAL AND INDUSTRIAL — FINANCIAL TRUSTS — INSURANCE — INVESTMENT TRUSTS — SHIPPING — MINES — OIL — PROPERTY — RUBBER — MISCELLANEOUS — REGIONALS

UNIT TRUSTS

Bid | Offer | Yield

NEW ISSUES

Issue Price | Price | Rise or fall

Matthey in the melting pot

IS SOMEONE after Johnson Matthey, the precious metal firm that was knocked off its feet by defaulting silver speculators? The shares have jumped from 230p to 310p in a matter of weeks ostensibly on recovery hopes and then rumours about Johnson Matthey's sale of its huge Hatton Garden fortress headquarters. Neither of these really add up to an explanation of persistent buying, admittedly in a notoriously tight market or to the many options taken out on the shares.

The much touted figures of £6-£12 million that Johnson Matthey may get from the Hatton Garden site are pretty wide of the mark. The favourite as buyer, Jeffrey Sterling of Sterling Guarantee has, he tells me, no intention of matching the £6 million he paid for the nearby but much larger Gamages store site. Another Slater protegee, Corporate Estates/Sterling Land is more interested and has the Matthey-occupied 73 Hatton Garden just up the road on its list of desirable buys. But again £6 million is not a price it is anxious to pay; but even if it does not win its asking price, Matthey will end up with nearer £5½ million in its pocket than the £1 million at which its site stands in the books.

Equally even after the sale and projected move of its £180 million banking, diamond and precious metal business to Southgate, it is hard to see Matthey sustaining a market price tag of £50 million at the moment. Profits have yet to suffer the full impact of the cutback in Rustenburg Platinum production. Meanwhile, the hopeful news that General Motors will use platinum to burn up car exhaust fumes will not have any real effect until 1974. Silver is at its lowest price for four years, which is not helpful to Matthey's trading or refining sides and the hangover from the £7 million speculator's loss could go on depressing profits. There are still big management problems on the trading side, which encouraged rumours last week that the company might bid for more successful Metal Traders, a thought that Matthey strongly denies. Certainly there is little case for Matthey shares on their investment merits, even at the end-of the week price of 297p.

But it is not hard to find a willing buyer. Rio Tinto-Zinc has a perennial need for UK-earned income for its own tax purposes. It is also keen to move up the market from base metals and establish a strong base in the precious metals rivalling the American/South African giant Engelhard. However, RTZ is a slow methodical wooer usually and its own share price is down in the dumps at present. There has certainly been no bid approach so far. As one Matthey director complained: "We'd be the last to know if a take-over was in the wind." While it is only in the wind more cautious investors could take advantage of the present price to sell.

Bovis does it again

BOVIS is not the company to shun controversy. The City had just managed to forget about 1970's bear raid, some odd unsuccessful bids to forestall a rights issue, the rights issue itself, and the departure of three directors (at different times). At last it could concentrate its mind only on the juicy profit and earnings rises Frank Sanderson's team were producing.

Then late on Friday, Bovis announced it was buying Twentieth Century Banking, the last and biggest remnant of Spey Finance, from Pat Matthews' First National Finance for £6.5 million. Negotiations had started only 5 days earlier. The new deal will take some justifying. For one thing Twentieth Century's growth to forecast profits of £650,000 came in a period of tight money when it could charge comparatively high interest rates. If money gets cheaper it will be more difficult to sustain a return of 6% on lending and the P/E ratio of 16½ could turn out expensive.

For another the deal gives Matthews a total of £12.9 million from selling off the Spey bits and pieces for which he paid £8½ million. Clearly the deal cannot be as bad as it sounds for Bovis. Some sort of banking operation to finance small housing developers like Matthews did for Fairview Estates and to finance small developers who are potential customers of Bovis' construction divisions has been under development for almost a year.

Twentieth Century will allow Bovis to jump straight in on a big scale so there should be useful profit benefits to the rest of Bovis. What is more, Bovis does not have to make the cash payment until next May so it can choose its moment to place some shares or raise loan stock and make the acquisition do more than pay for its keep. As Sanderson says: "We'll have our 1972 profit forecast out by then—conservative of course." So perhaps the City had better try to keep its head down and concentrate on that £4.3 to £4.4 million this year and much more next.

Ultramar: The facts

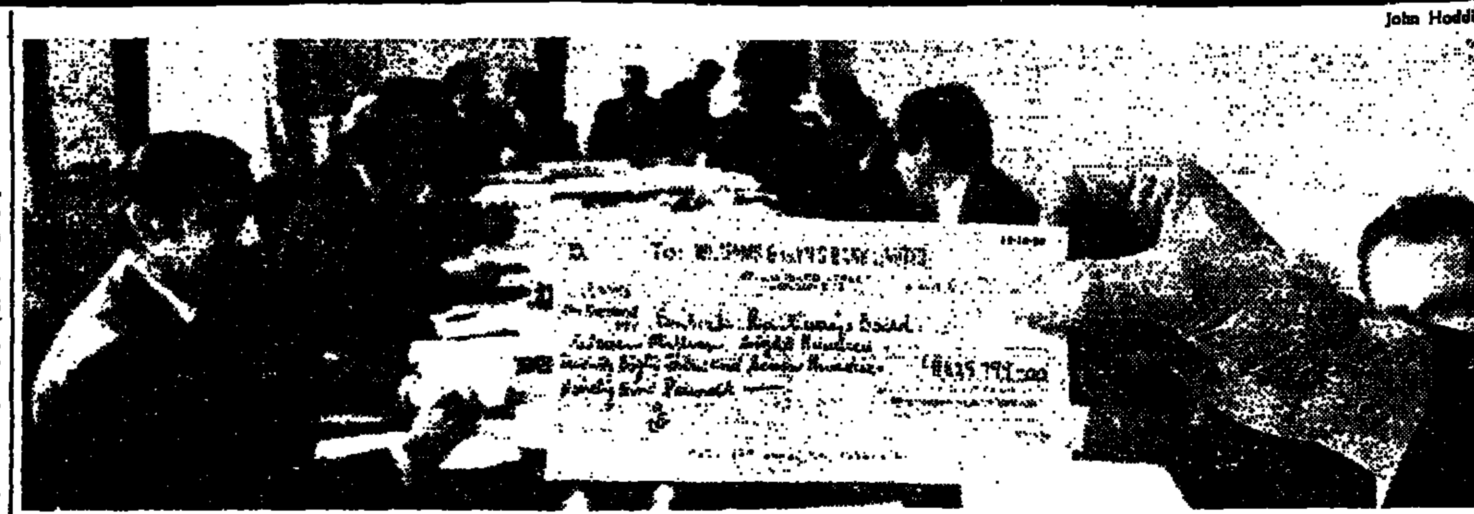
ULTRAMAR'S share price has slipped steadily from 295p to 264p since the stage-managed opening of its Quebec refinery, before UK journalists and brokers only a couple of weeks ago. This might seem odd since this make-or-break refinery will double Ultramar's sales of £65 million and profits of £2.7 million.

A long line of shares has now cleared the market, but that is not the whole story. A couple of brokers are worried about the rights issue we predicted a few weeks ago to replace the £40 million refinery loan financing. They are also concerned at the high level of capitalised preproduction and exploration expenditure in the balance sheet and the fact that there will be another £3 million of each for this year not charged to profit and loss.

Campbell Nelson, the chief executive, has explained in a private circular how Ultramar needed in its earlier days to finance exploration in this way, so as not to distort current profits by heavy investment in future production. This is fine as long as things do not go wrong. Now that Ultramar is becoming a more mature industrial company the necessity for this is lessening.

Nelson replies that Ultramar will from now on be spending much greater sums on exploration, possibly £5 million a year, and to charge this direct to costs would distort the true profits picture. He needs to take some time to explain it to all shareholders.

John Hodder



How to write yourself a cheque for £11,828,799 ... and cash it

MEASURED on the dubious scale of how long it took me to understand it, the tax-saving £115 million finance plan signed on Friday at bankers Morgan Grenfell by British Rail is pretty complex and obscure. But the results flowing from the first £11 million cheque are so straightforward and important, including a cash saving to British Rail of something like £30 million, that it is worth examining just how the City's latest brilliant scheme, brainchild of Morgan Grenfell's Guy Weston, actually works.

Basically, the heaps of paperwork are designed to enable British Rail to take advantage of tax allowances on its heavy capital spending programme even though it has no tax liability now—indeed, no profits—and is unlikely to have any for some time ahead.

Instead of borrowing money and using it simply to buy its locomotives, new trains or electrification equipment—British Rail is lending the money at the same rate to a specially-created company called Railway Finance. This company is owned by GEC, Distillers, Barclays, GUS and Morgan's co-managers Williams & Glyns. Railway Finance then buys the machinery and leases it to British Rail, thus creating within Railway Finance tax allowances equal to perhaps 80% of the cost of the machinery bought.

However, thanks to the consortium relief provisions in the 1965 Finance Act, those lovely allowances do not have to be actually used by Railway Finance. They can be passed on to the five consortium shareholders and set off against their own, in each case, ample profits. And by another piece of taxation small print, the shareholding companies can then make cash payments back to Railway Finance without this being classified as taxable income. Exactly how much of this saving of perhaps £35 million over five years will be passed back to Railway Finance is not being revealed, but is probably at least 90%. Once the money is back with Railway Finance it can be shuffled over to the eager coffers of British Rail by way of adjusting the lease payments BR makes for its equipment.

So BR gets its equipment £30 million off over five years, the co-operative shareholders of Railway Finance get a nice turn for little more than administrative bother, and payments to the Inland Revenue sag. The Inland Revenue has in fact approved the scheme, but could begin to regret this since other loss-making big spending nationalised industries are already working out the sums.

JNIT TRUSTS:

Britain may be sneezing, but USA has caught pneumonia

HE UNIT TRUST business is upposedly having a tough time ith high redemptions and lacklustre sales producing a net inow of only £7.5 million in the ast three months. But compared ith America the situation is ositively rosy—and certainly not ne where investors should take right.

They do seem to be iking fright, though, in the US. s my colleague Harlow Unger ports from New York, share ices on Wall Street all but llapsed last week, largely under e weight of the heaviest selling the year from the country's 3 billion mutual funds, as it trusts are called there. And is selling was largely forced redemptions of fund units.

In May redemptions there ceeded sales for the first time ce 1954 and by September the sition was even worse, with lemptions at $470 million topig sales of only $305 million, nassive drain of $166 million the funds. The basic cause is same as here, that investors ight in the 1969-70 share slide getting out now that they have ir money back. But the real blem is that mutual funds ich own only some 6% of all res probably now account for ie 25-30% of all trading on ll Street. Thus there is a wing danger that the doubled fall in prices caused by ed selling and lack of fund ing could snowball into a full stock market crash.

is one of the great advans of British unit trusts over r American big brothers that could almost certainly not pen here. To start with, I ot that unit trusts account for e than 5% of London Stock nange turnover. And indeed behaviour of individual inors as a whole has quite a ll effect on which way the l of share prices as a whole es. For instance, the perl sector were net sellers of es and company stocks to the of £430 million in the April quarter. We are usually net rs, but this is a record by ng chalk.

t it was precisely this quarf the year when share prices d their vital recovery on gmorton Street. The lesson mply that the decisions of buying pension funds, ince companies, merchant ers and investment trusts hat count for share prices. are heavily influenced by ve yields and with fixed int yields bumping down, the ground for shares looks good.

big question is whether rusts specialising in financial s, banks insurance and pro, will continue to make the ng. These still dominate the rmance tables with Anthony cellor's Target Financial top the three-year winners. on Wall's Financial Priority stently well-placed and /Britannia represented by Property & General and City ndon among the top 10 over year—though the latter's & General has suffered in ecent gold share slide.

re is undoubtedly a lot of left in selected bank, dis and insurance shares, deshe upward ratings in the . The sector as a whole is van of rising profits. But ld not expect a repeat of big gains we have seen ly and new investors would bly be better off in a fund a more general portfolio of which, for instance in ive & Prosper group, are rinkled with finance shares. ther perennially successful d of choosing trusts that will do better than the market is to back trusts that are being revamped after failure or management groups that are pulling themselves out of the doldrums. Three months ago I spotlighted the Oceanic group and manager Len Lee is still topping the one-year tables with Oceanic Performance, backed up with the group's Financial trust. With a perhaps unfortunate touch of irony, Tyndall is showing the results of widening the investment policy of its Ulster Fund. And last quarter marks the return to the Top 10 charts of the Surinvest Group, whose manager John Ormond seemed tarred irretrievably with backing E. J. Austin International, the "crock of gold" fiasco. As he admits he is still making mistakes but his Future Income fund has also made enormous profits from out-of-the-way shares like Dixons Photographic, Dobson Park and Ellis & Goldstein while maintaining a useful 4.3% yield with unfashionable stocks like Cope Allman. It is not one to put all your money in, but still looks set to go well. A second Ormond fund, Surinvest Performance is also picking up and is selling on the cheaper bid basis.

The decline in metal shares and continued gloom on the Australian market have put several long-term successes, notably Allied's Metals & Minerals suddenly amongst the worst performers. There will be a time to buy these though as yet there seems no hurry. But if you want to try a lapsed angel the National Group's long-term successful Shield, with a portfolio in all the currently unfashionable places, could fit the bill.

Top 10 over past 3 years

	% gain or fall
Target Financial	+58.4
London Wall Financial	+40.7
Ebor General	+35.5
Jessel Commodity Plus	+30.1
Allied Growth plus Income	+28.0
Janus Raw Materials	+27.5
Jessel Income	+27.3
Mutual Income	+26.3
Barclays Unicorn 500	+26.0
Oceanic Growth	+24.8

Bottom 10 over past 3 years

London & Wall St.	—18.0
Target Growth	−18.2
Pan-Australian	−18.9
Ansbacher North American	−21.0
Oceanic General	−21.0
Vavasseur Int. Mining	−22.1
Hill Samuel Dollar	−23.2
Allied Metals & Minerals	−23.6
Mallet & Wed. Overseas	−31.2
Hambro Secs. of America	−33.1

Top 10 over past year

Oceanic Performance	+53.0
Tyndall Ulster	+49.7
Surinvest Future Income	+49.1
Slater Walker Assets	+42.0
Ebor General	+40.9
Jessel Prop. & General	+40.7
Jessel City of London	+40.6
London Wall Financial	+38.7
Oceanic Financial	+36.5
Target Financial	+36.4

Bottom 10 over past year

National Shield	+3.1
S & P European Growth	+2.4
Hill Samuel Int.	+2.1
Jessel/Brit. Gold & Gen.	−5.5
Allied Metals & Minerals	−8.2
Surinvest Raw Materials	−9.3
Oceanic Overseas	−12.0
Mallet & Wed. Overseas	−15.1
Vavasseur Int. Mining	−20.9
Pan-Australian	−26.2

Figures adapted from Planned Savings Tables of Unit Fund Statistics published by Wootton Publications.

Houses: a luxury no one can afford?

BY JAMES POOLE

LAST WEEK a disused Congregational church, zoned for residential development in a London suburb, fetched a macabre record price of £105,000 at auction. Earlier this summer a housebuilder amazed even himself by paying over £5,000 a plot for estate-building land in the London suburb of Richmond. Two examples of a country-wide inflation in the cost of putting a roof over our heads in 1971.

The house market is in a situation of almost panic buying according to the conservative Abbey National Building Society, and in some parts of the country the magic £10,000 figure for the humble semi is breached. We have even had a well-known Midlands housebuilder, Chris Bryant, complaining that the fantastic rise in house prices is now dragging up the price of land. Remember when the beef was the other way round. Stories abound of adjacent houses increasing in value at sale by £1,000 in a couple of months, like the Severnside estate, originally priced at £7,500 two years ago, where a house fetched £8,500 at the end of 1970 and a few months later £9,225.

The topsy-turvy rush to buy houses has been sparked by the huge increase in lending by building societies, up by a third in 1970 and another 25% this year. The money flood in 1970 coincided with the lowest level of new, private house completions in 10 years. Builders were so depressed that they only started 165,000 houses. Building costs have risen by 1% a month over the past year but house prices have risen much faster. House agent the late Roy Brooks pointed out this summer, what many young potential house-buyers have come to realise, that prices have risen faster than most can save for the increased mortgage repayments.

Building society managers do not accept generally that they have pushed up house prices but Leonard Williams, general manager of the Nationwide, last week admitted that building societies should have done more to anticipate the house shortage with more borrowers being put in the way of funds. But if the building societies are deploring the prices that some houses now fetch there is no sign of them doing anything to stop it. All but a handful of new houses are vetted by building societies on price, often before a developer builds them. Four out of every five of the 600,000 old houses coming on to the market this year will be mortgaged, mostly by building societies, 12½% by local authorities or insurance loans. Building Societies' surveyors set the valuation levels and most loans are only a proportion of valuation on old houses. Yet building societies are financing as much as they ever did of the higher value houses, the proportion of final purchase price given as mortgage has hardly shifted for years from 75%.

There are of course wide variations in different parts of the country. The average price of a house in London and the South East is probably £7,750 whereas in the North-East it would be several hundred pounds under £5,000. This partly explains why the greatest percentage growth in house values appears to be in the most depressed areas. The average new house in Northern Ireland is up 63% over the last five years. A modern London house would only have advanced 40% in five years, compared with 48% in Scotland. More recently however all types of Southern property have been inflating faster than anywhere in the country. And the Bristol and West Building Society has pointed out that in 1971 old houses have been rising in value faster than new houses have advanced.

There is at present almost total confusion about housing in Britain. The last Labour Government predicted two years ago that the great post-war shortage of houses would come to an end in 1971 with 19 million homes and houses, and there would be approximately 1 million surplus units by 1973. The housebuilders, ever nervous, seeing financing costs and land prices rocketing and the aftermath of the 1968 savings withdrawal from building societies, stopped building.

They are only just recovering their nerve. They may be able to start 225,000 private housing units this year, but they are worried that the cut in mortgage interest rates last month will slow the mortgage supply again.

Now the builders complain that local authorities are just siting on all the best housebuilding land and that local planning is obstructing housing development. Frank Sanderson of Bovis has even estimated that being messed about by planning adds about 7% to the average price of a new house.

The new Conservative Government has radically altered the picture, finally unveiling its new housing policy a few months ago, in a year when housing costs have accelerated for the average Briton much faster than the rest of the cost of living. The Tory plans have mainly been attacked because they will withdraw council housing subsidies in favour of tenant rent rebates. But the other side of this coin is a belief in home ownership which they hope will apply to 60% of the populace in 1980. This would mean 1.8 million more homes than the present 9 million owner-occupied houses, owned by about half the population.

The implications of these policies is an enormous increase in mortgage demand. It could be £7,000 million a year by the end of the decade compared with £1,500 million in 1969 and £2,500 million now. Where the money is to come from is a serious problem. Building societies are almost the largest tapper of private savings already. Building societies are also prone to wild swings in mortgage supply as we have seen over the past few years so there will be no smooth growth to the £7,000 million figure.

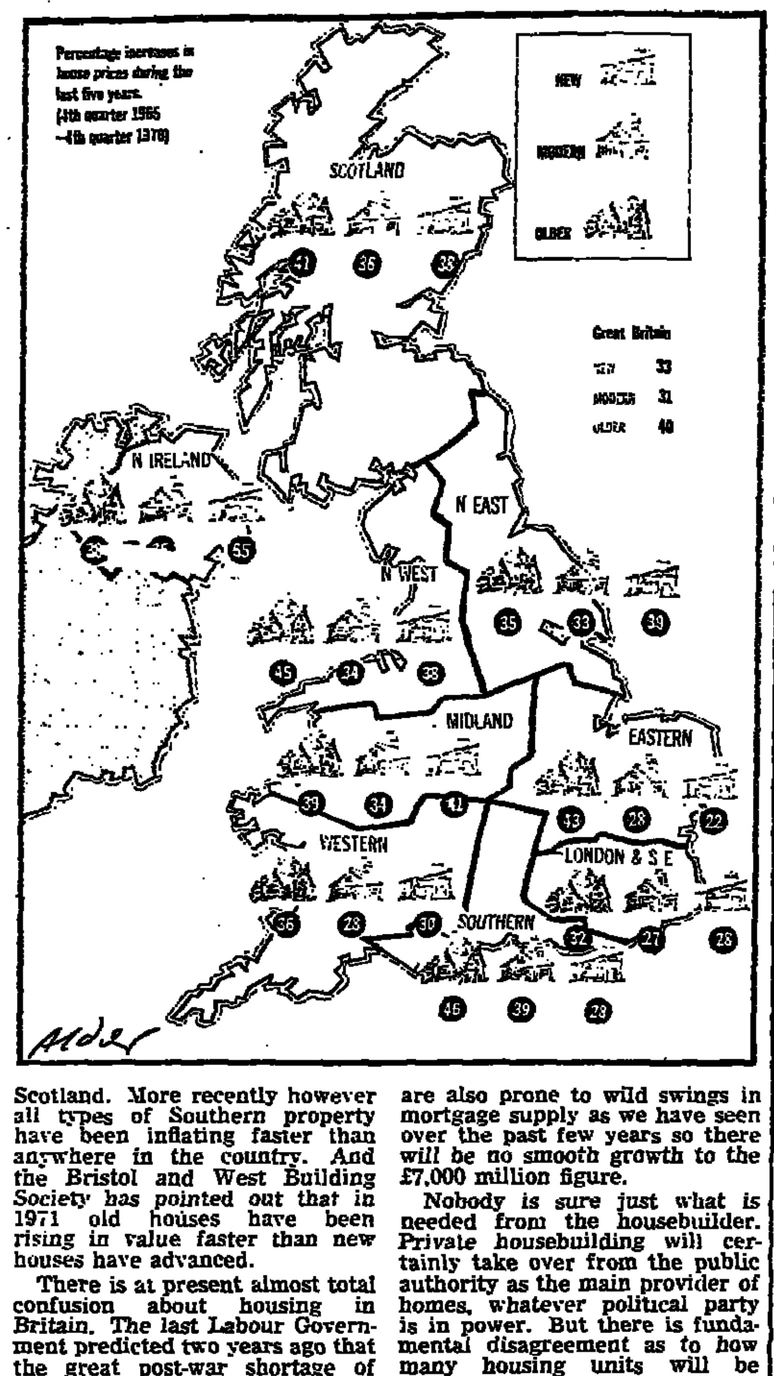
Nobody is sure just what is needed from the housebuilder. Private housebuilding will certainly take over from the public authority as the main provider of homes, whatever political party is in power. But there is fundamental disagreement as to how many housing units will be needed a year. Even the basic determinant of the rate of new household formation is not accurately known. It could be 170,000 a year, but the new Census will not tell us for years yet.

There is also uncertainty about replacement of slum, unfit and ill-sited housing. Out of 18 million plus, homes, 3.5 million are over 90 years old and 7 million over 50 years old. The Tories, now agreed that there are 5 million unsatisfactory homes, have increased renovation grants for old property, with the unexpected side effect of increasing the demand for second-houses.

The North of England contains a far greater percentage of unfit houses than the South—15% is one estimate. On the other hand there is a far greater shortage of homes in the South — about 700,000 in 1970 according to the Bristol and West. Buchanan Consultants, in a survey last May for the Nationwide Building Society, estimated that some 44% of all homes around London, the worst hit area, are unfit if an unsatisfactory environment is brought into the equation.

Another unknown factor in the housing market is the number of empty homes at any one time which are being bought and sold. With mortgagors moving on average in under 10 years, and more and more frequently, about 1 million homes could be on the market each year soon, a reasonable vacancy rate might be 10% of that figure.

What is certain is that there is no satisfactory surplus now, with houses being snapped up, often within days of coming on the market. Neither have builders a reasonable stock of new houses for sale. This has led the hyper inflation in all house prices. The danger now is that this will throw every prediction of government, building society, builder, and even house-owner out of joint as the poor house buyer finds himself out of the market.



Britain pays for giving Daisy the cold shoulder

BY GRAHAM ROSE

AFTER a long drought, the pretty white pyrethrum daises are beginning to bloom again in East Africa. While this must please African farmers who grow the crop, some people in Britain feel that the flowers should be woven into a wreath for British enterprise.

Reasonable quantities of the "safe" insecticide pyrethrin (which is extracted from the dried flower heads of this remarkable member of the chrysanthemum family) have started to arrive in Britain after a long period of extreme scarcity. Although they grow in British back gardens, the daisies only produce exploitable quantities of the insecticide at high altitudes near the equator.

The crop in the major producing countries (Kenya, the Congo, Tanzania, Ecuador and New Guinea) has been disappointing for the past two years—particularly in Kenya which produces 80% of the pyrethrin consumed. Stocks of the insecticide were quickly depleted since it is the material of choice for public health spraying and the active ingredient in most of the millions of cans of fly sprays used in homes, hotels and hospitals throughout the world.

Pyrethrin is favoured because it is very effective, short lived (and therefore presents no residue problems) and is free from danger to man, domestic animals and wildlife; characteristics which have caused a great increase in its popularity in a pollution concious epoch.

The resumption in pyrethrin supplies will temporarily vindicate the decision of those United Kingdom pesticide manufacturers who rejected the opportunity to take up a licence to manufacture even safer and more potent synthetic alternatives which were developed on grants provided by the National Research and Development Corporation.

But the news will hardly console the British public since it seems likely that once again most of the profits from a British invention will go to foreign companies.

Attracted by the safety of pyrethrin, Doctors Michael Elliott and Norman Jones—research workers at Rothamsted Research Station, Herts—sought analogous chemicals which could be synthesised in a factory rather than extracted from a plant. A ten-year project, financed by NRDC, has yielded resmethrin and bioresmethrin—which many experts consider the most exciting and the most significant insecticides yet produced.

So it is depressing to learn that recently three foreign companies (chemical giants Sumitomo in Japan, Roussel in France and S. Penick in the United States), have brought on stream plants to manufacture these insecticides which could rapidly capture a market worth more than £10 million a year in sales of the raw chemicals alone.

NRDC offered licences to exploit the patents to every major British insecticide manufacturer. Only Cooper McDougall and Robertson, and Mitchell Cotts, have taken up licences—but although both companies are using the new materials in formulations neither plans to manufacture because they feel that with three major factories in operation already further plants would prove uneconomic.

In future any British firm wishing to incorporate resmethrin or bioresmethin in their formulations will be obliged to use imported raw materials—a ludicrous currency wasting situation when it is realised that any one of several large firms have the opportunity of becoming a major exporter and currency earner if they had considered the NRDC'S licence more seriously.

The new insecticides are strong enough to flatten flies within six minutes, and are so safe to humans and other mammals that one researcher explained: "No matter how much we feed to rats we can't even make them seriously ill, let alone kill them."

Despite their astonishing insect killing power, the new materials break down completely within two days. Coupled with their low toxicity this makes them fully acceptable to conservationists who have been alarmed by the more persistent residues of other widely used insecticides.

Both British and foreign companies seem likely to use large quantities of the new insecticides in future because they are factory produced, which means constant supply and a stable price is guaranteed since neither is affected by crop vagaries.

Although Britain will earn royalties on all the resmethrin and bioresmethrin made, by manufacturing the raw material more could have been earned. NRDC complains that it is frequently obliged to licence its patents abroad because over the last few years the climate for investment has been so dismal in Britain.

Fertiliser and pesticide manufacturers Fisons says that it decided not to take up a licence because it did not feel that it could sell the new insecticides through established outlets.

ICI, another potential licensee, told me that although invited to evaluate bioresmethrin in 1966 it did not appear to be sufficiently attractive to justify an expensive development programme.

ICI is, however, still interested in pyrethrin chemistry and is currently investigating what it claims to be "a more promising compound." For the sake of exports let us hope ICI is right.

The Sunday Times

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Fireworks rocket back with a bang

THE BRITISH fireworks indu[stry] is rising anew from the inf... lit under their profits by a ... TV programme.

First transmitted before ... limited BBC2 audience in ... the anti-firework documentary ... repeated in 1969 on BBC1 be... the critical November date ... again shown in changed form ... 1970. It is held responsible ... manufacturers for a catastro... sales decline. Standard Firew... of Huddersfield, the lar... British manufacturer, saw ... steady trading profit hove... around £180,000 change overn... to a trading loss of £34,000.

But Standard reports that ... are currently running more ... 33% up on last year and ... rising as the vital run-up to ... Fifth approaches. Sales by P... Wessex in Salisbury are 30% ... and rising and Brocks, in He... Hempstead, which has been ... business ever since 1720, ... it is now nearly sold out for ... year.

Fireworks men still shudde... the memory of the program... which had shots of children m... lated by bonfire night accide... And indignation rises yet in ... dour Yorkshire frame of Rich... Greenhalgh, managing directo... Standard. He claims the ... gathered the horrific bits ... nine years and that some of ... injuries shown were caused ... lighting bonfires with para... which he does not manufact... "Nothing happened in ... because of the small audien... he says. "And it came too ... in 1969 to affect the sales of ... manufacturer to the retailer.

"But the retailer was left ... large amounts of unsold sto... Sales were slightly up in ... but the retailer was alre... stocked up and that's the ... it hit us."

Standard's turnover dropp... from £1,066,000 with a profit ... £179,000 in the year ended Ma... 1970 to £757,000 and a loss ... £34,000 in 1971. A small fact... was closed down in Barnsley ... November and staff vacanc... were not filled. By June this ye... however, Standard re-opened ... Barnsley and staffing has ... turned to a normal 500.

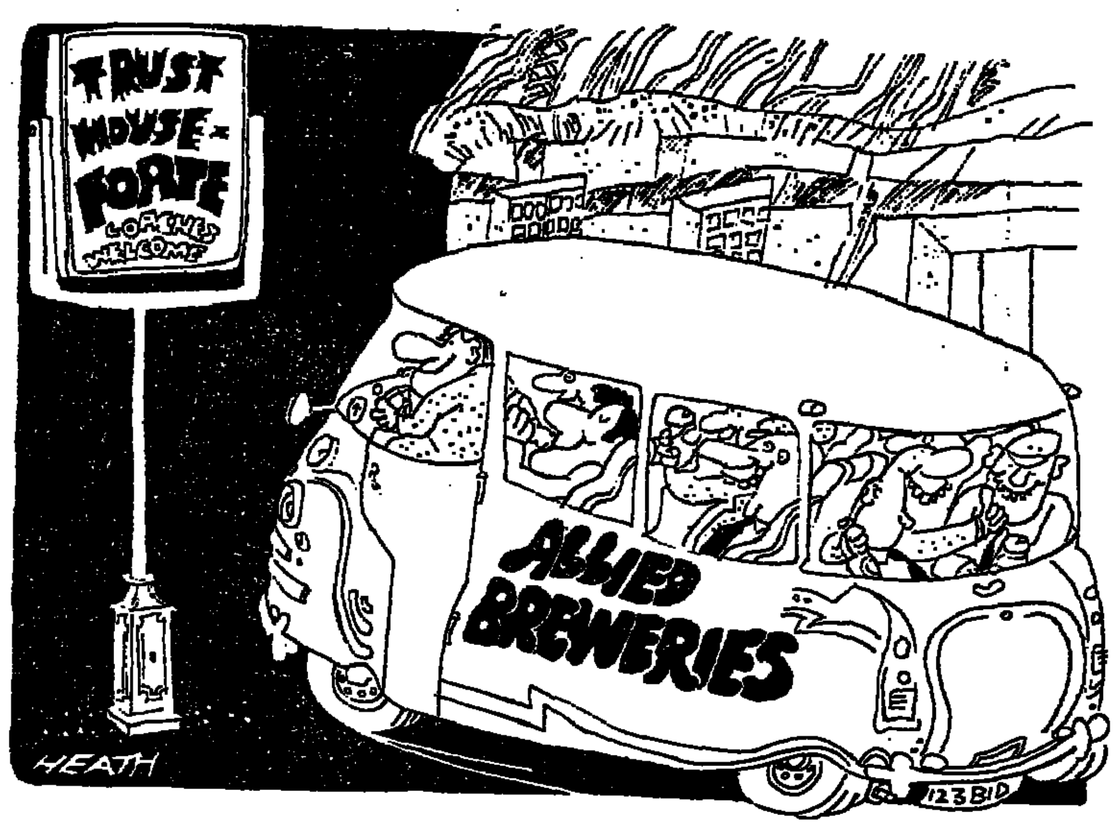
Brocks managed to avoid a ... last year but 30% of its busin... is now in Christmas decorati... paper hats, putting the snap i... crackers, the bangs into ... pistols and in military firewor... "But we took a beating," s... managing director Tim Benn... "We end our year on Novem... 5 and in 1969 the turnover ... £1,056,000 and the pre-tax pro... £83,000. But in 1970 the turnov... was down to £792,000 and t... profit to £16,800." He foreca... a turnover of between £850,0... and £900,000 this year.

Pains-Wessex is a subsidiary ... the British Match Corporati... and it claims a big displ... market, which was not affect... "But you can say we didn't ma... much money out of fireworks la... year," said financial direct... Ross Colwill. "The orders a... piling in now though and I shou... say we're 25% up."

Pains-Wessex also has a stro... market in marine distress signa... and its turnover actually rose la... year from £918,000 to £980,00... But the share attributable to fir... works dropped from 41% to 27... and the pre-tax profit fro... £140,000 to £93,000.

Curtain up on Trust House Forte last act

BY AZIZ KHAN-PANNI



LIKE AN OLD arthritic man, Trust Houses Forte got off its sick bed last week to hire two undertakers before dying. For the bid by Allied Breweries must surely be the final act of a farce which has turned to tragedy. It was farcial ever to have expected the tea-cakes of Trust Houses to mix with the beef-burgers of Forte. It is a tragedy that Britain's largest hotel group, in the end, could not harness the energy and imagination of Sir Charles Forte himself.

The company is so split, so demoralised, that there are now only two rational solutions that the directors and advisers of THF should entertain. Either the company must go to Allied, or some other bidder, as one entity. In which case Sir Charles must surely leave. Or else whoever acquires it must hive off enough of the Forte part of the THF assets to enable Sir Charles to exit from a merger which has clearly not worked. In either case, the logic appears to demand a bid of some kind is accepted and that Sir Charles and Trust Houses must part company.

If the drama of the last few weeks has demonstrated anything, it is that the most brilliant entrepreneurs are probably not the right people to run the largest companies. Quite apart from the clash of personality, it seems clear to most independent voices in the company that Michael Pickard, the former managing director whose removal brought the conflict into the open represented, inside THF, the professional manager who lived by the book, worked through the usual appraisals and feasibility studies, and operated through structured committees. Sir Charles, on the other hand, was accused of regarding the company as his personal fief.

So trivial incidents were blown up in angry scenes. One row blew up over the details of the purchase of Sidgwick and Jackson, a small publishing house. Another concerned directors' use of a company plane. More fundamentally, there was profound disagreement over the plans for developing London Airport Excelsior hotel. Pickard wanted to go the whole hog, opening an entire new wing before traffic had built up of the full catering facilities completed. Sir Charles argued from his experience that the savings on paper would not have worked out in practice. Although these arguments are past history have left deep scars in the THF board—so deep that it is very unlikely that Sir Charles Forte could be elected as chairman despite his confidence that this would happen next May.

It is clear that even a company as experienced as Allied in resolving internal conflict and dissension could hardly allow this state of affairs to continue Sir Charle's appointment as chief executive has eased matters a good deal. But there is still resentment which could explode at any time. If THF is to go to Allied, Sir Charles cannot be part of that set-up.

It is not even as if THF has much ammunition to fight a bid battle. The THF Council, whose £32,500 shares carry half the company's votes, looks as if it will keep out of any battle. Lord Hacking, chairman of the council, is on record as saying he dislikes the whole voting system anyway, and as Allied appears to be a perfectly respectable company in a related trade, only a very austere reading of the injunction in the council's trust deed to further habits of temperance, could bring on the veto.

The Crowther-Pickard camp appears to favour the idea of a bid on the right terms. On the other hand, it is unlikely that Sir Charles, having established himself within sight of the chairmanship, would now want to give that up. The problem is that if this difference breaks into the open, it will prevent THF shareholders from getting the best possible terms from Allied, and Allied's chairman, Joe Thorley, knows it.

So although it has been made clear that the appointment of the two merchant banks, Schroders and Warburgs, to advise THF is no reflection of another board split, it indicates that there are separate interests involved.

Allied's bid, in any case, has a good deal of commercial logic. While the hotels industry has been moving increasingly into wider leisure fields, into entertainment, clubs and travel, the brewers too have been moving into the same areas and spreading into hotels as well. Allied, for example, already runs 46 hotels with more than 2,100 letting bedrooms. By next year a further 400 rooms will have been added. On the Trust Houses side, many of its smaller country hotels are virtually pubs.

The brewers also remember that the Monopolies Commission recommendation to relax the licensing laws could soon be implemented, with restaurants and cafes as well as pubs serving drinks. The cannier brewers must therefore be trying to get as many tied outlets as possible. Again, the trend in the industry is for the companies to move away from tenanted houses to managed ones, and Allied, with around a third of its beer sales from managed houses, has moved further than most in this direction. The acquisition of THF would take this policy a good deal further on.

The question now is whether Allied knows just how many problems it is buying. Last week Thorley confessed: "We probably don't know any more about Trust Houses Forte than you do." Did he appreciate the financial burden he was taking on? Thorley: "We have some considerable experience of financial management." Would any part of Trust Houses' development programme be cut back? "That would depend on how things worked out." If Thorley is to be believed, Allied is going into the deal on the basis of a good idea but not a great deal of homework. Of course that is not entirely true. The hotel trade has been buzzing with speculation about what all those Ind Coope executives were doing in so many THF hotels in the weeks before the bid.

But the financial argument sticks out like a sore thumb. Allied's own development programme is still costing it £20 million a year, even though it has moved further toward one-product breweries than any other company. With a flow of £15 million from depreciation and retained earnings, Allied's cash needs are coverable. But the table (left), shows the extent of THF's problems. The profit estimates are my own, but these do not diverge much from current expectations in the market.

With £36 million raised earlier this year through loans and bank facilities, THF's cash needs have been taken care of until autumn next year. But the escalator will begin again unless the company succeeds in jacking up profits. Since London hotels are likely to have substantial over-capacity by 1973, the prospects do not look bright.

Allied could hardly have timed its approach better. Not only is there considerable internal political pressure for some such merger, but the major institutional investors have become thoroughly alarmed at the reports of what is currently going on within the company. If Sir Charles has in fact raised his shareholding to a point where he can call on 20% of THF's equity, he could prevent the sort of full merger which Allied might want. It might be no bad thing to carve out the Forte hotel, catering, international and entertainment activities and let Sir Charles take them out of the group. And certainly the problem of paying any more than around 165p might be got around if the Forte interests were to extract their huge loan liabilities as well. But whatever the case, a return to the bad old days must not be allowed to happen.

	1970/71	1971/72	1972/73	1973/74	1974/75
			£m		
Pre-tax profit	10.5	12.0	14.0	17.0	20.0
Cash flow	9.3	7.9	8.2	8.0	7.2
Cap. expenditure	30.39	19.45	8.97	9.15	7.97
Loan repayment	2.20	2.21	6.23	4.57	12.78
Disposals (approx.)	2.05	0.75	0.75	0.50	0.50
Cash requirement	25.3	14.5	7.7	6.2	14.1

Wilkinson leads with its chin

BY NICHOLAS FAITH

THE SECOND 10 years of the great razor war have started with a real escalation of the world wide battle between the Wilkinson Sword, the British David, and Gillette, the American Goliath it first challenged 10 years ago with the world's first stainless steel razor blade.

Next month Wilkinson starts to advertise its new single-edged bonded razor in time for the Christmas market.

This, a genuinely superior product (five blades lasted me six months, somewhat to Wilkinson's embarrassment)consists of a thin strip of blade bonded to a small plastic holder which clips into a new super-light razor; as with so many of the new introductions it costs more than a standard product (£1.19 for razor plus blades, 35p for five blades). But Wilkinson has the confidence born of success in the US where Bonded was launched earlier this year; in some areas is has already doubled Wilkinson's share of the market—helped by getting at the large number of US shavers who still use single-edged blades. Wilkinson's blades are now sold in the US through Colgate-Palmolive whose salesmen have a grudge fight of their own with Gillette. For Gillette's foamy shaving cream hammered the equivalent Colgate product a year or two back.

Gillette itself is not without weapons. Once the initial shock of being assaulted in its cosy monopoly had worn off in the early 1960s it quickly introduced its own stainless blade. Then came Wilkinson's Chromium-edged blade, and Gillette's response with a glint of platinum. But it was Gillette's continuous strip blade, the Techmatic, its only major innovation in the great war, which has proved a blated, if major, success. In Britain one in 12 wet-shavers use it, in the US one in eight—just as well for Gillette since its ordinary stainless blades are outsold nearly two to one by Wilkinson in this country despite much heavier advertising.

The latest refinement in the war is the hasty introduction into the US market by Gillette of its Trac II, a bonded razor with two blades for the price of one. One blade follows up the cutting action of the first, having another swipe before the truncated hair has settled back into position. This was launched earlier this month without any of the usual test-marketing during the prime time of the whole Gillette TV season, the baseball World Series (an event which this year led to rape on the streets of Pittsburgh). Trac II is destined eventually for use in this country if it is a lasting success in the US.

The war has taken a toll of both sides—and indeed there are signs in Britain that as the costs of new fancy shaving ideas continues to mount many shavers are turning to cheaper brands (some of these are made by the big two; Gillette makes 7 O'Clock and Wilkinson a brand called London Bridge). But there have been major corporate consequences as well. The most significant has been the fall of Gillette from profit-grace. It used regularly to head the Fortune List in terms of profitability year in year out; its record now looks more ordinary. Its marketing skills have been proved to be very real—but it has still been unable to get away from its basic business.

Wilkinson has changed much more. The first rush of success slightly unbalanced the company. "After four years of rush rush rush we were all tired and a b big-headed," admits Denys Ra dolph, chairman of what is sti firmly a family-run firm. Th sudden jump from being smal time makers of garden tools an swords to the big world of mas marketing was traumatic. Wil inson expected its profits to h every year the £3 million it onc achieved, without taking enoug account of the inevitably heav marketing expenses involved i a long-term toe-to-toe sluggin match with Gillette. And unlik most companies which have swep to fame and fortune on one pr duct, Wilkinson was (and is) n short of new products; rather is embarrassed by a surfeit c ideas from its large research d partment. These have ranged i the past from the original hove lawn-mower — which Randolp is now cursing they didn't develo —to an insulated teapot to kee tea cosily hot.

In addition there was a ne way of manufacturing blade which reached a late stage i development before the boar had the courage to admit it coul not be manufactured commerci ally. The ideas still flow freel —and include a lot of working o aerosols and squirting liquid derived from its fire protectio division but equally suitable fo applying foam to faces. But afte a number of years when none o the ideas were actually viable th introduction of Bonded is vital a major new idea in Wilkinson' original trade—with the consider able risk that in Britain, wher Wilkinson has half the market it could merely replace sales o its older products rather than gaining new markets. If the risl comes off then the next idea probably in shaving, will be pro duced; if it does not—well there' always swords and a nice cup o insulated tea to console the Ran dolphs.

How the motor giant managed not to crash

BY NICHOLAS FAITH

IT COULD all have been so *different.* The three fascinating chapters of Graham Turner's new book* telling the story of the four-year negotiations which led to the merger of British *Motor and Leyland in 1968 make* that clear. It took a wide variety of pressures, mistakes and sheer accident to ensure that in the end Donald Stokes, the bus salesman from the small Lancashire town (and company) of Leyland should emerge as king of virtually the whole British-owned motor industry.

As Turner tells the story, what is extraordinary is not the gradual failure of all alternatives, but that the resultant group is *now no longer the sick man* of Europe's motor scene (Volkswagen now has that unenviable distinction). For, with the exceptions of Rover, Jaguar, Pressed Steel and the *London-based* ACV truck and bus business taken over by Leyland in 1962, all the dozens of companies which now make up British Leyland Motor Cor*poration were in pretty desperate* straits when they merged into bigger units. None had shown the ability to grow from small to really large industrial units by its own ability, without a continuous series of takeovers. Leyland itself has needed a complete reorganisation by an ACV man; even Standard-Triumph, run by Stokes himself for five years in the mid-1960s, is now having to be shaken to the core in a fight for survival.

There is very little about this *in the book.* Most of it consists of the manoeuvres undertaken by BLMC's constituent companies as they waltzed round each other as more or less unwilling marriage partners in the 40 years before the merger. There is very little on the management of any of the *companies (which was* mostly personal autocracy anyway) or on the models, the engineering or the workers involved; yet these were crucial to any understanding of why BLMC, finally and precariously, is likely to survive and flourish. It is because of the hard core of engineering skill among workers and *management* alike which was always present in these companies and which has never been mobilised *before in any organised* way. Within Europe only Mercedes Benz, Peugeot, Citroen and Fiat have the sheer depth of inherited know-how possessed by *the BLMC men. But the Leyland* men added another new ingredient.

The crucial element in the long-drawn out series of mergers *was that the Leyland men* were always more realistic than the Midlanders. The epitome of Leylandery, of course, is Stanley Markland, who did more than anyone else to build up the group in the 1950s: to him is attributed the cry "anything south of Crewe is a bloody overhead." When he desecended on a near-bankrupt Standard - Triumph; when, on a visit to Niagara Falls, it was pointed out that so many millions of gallons of water fell over the falls each hour he merely remarked 'I see nowt to stop it.' Turner quotes the best of all. A merger with Rolls-Royce was under debate (in the story virtually everybody tried to *merge with everybody else* at one time or another). Markland was *doubtful.* Rolls's products were of too high a value to fit in. As for Leyland's: "well, we were *never much dearer than sausages,* about four shillings a pound, our stuff was."

The realism was not shared by the British Motor management: *only Ron Lucas, the finance* director, could admit to himself the appalling state of his firm, and spell out to others how vulnerable British Motor was to a bid by Leyland. So prime-ministerial arm-twisting (in the form of a cosy dinner and chat at Chequers with H. Wilson), continuous pressure from the late *Industrial Reorganisation* Corporation, including a threat from Lord Kearton, the IRC's then-chairman, *that it would support* a Leyland bid for British Motor, *an injudicious burst of realism* from Lucas about his company's *financial* position, and a lot of ill-feeling were needed to get the required result.

It was only the selflessnes of BMC's chairman, Sir George Harriman, who compensated for many earlier mistakes by the generosity his displayed by re*signing in defeat,* which prevented a public scandal. As it was even cognoscenti of industrial power games noted only the departure of Harriman's deputy, the very able Joe Edwards, and of two other BMC directors for whom Stokes quietly ensured jobs in the public sector. They did not realise how nearly (and how often) the battle erupted into the sort of open warfare which had characterised General Electric's bid for Associated Electrical Industries a few months before the BLMC merger—indeed the need felt on all sides to prevent another such blood bath was a major emollient factor in the BLMC negotiations.

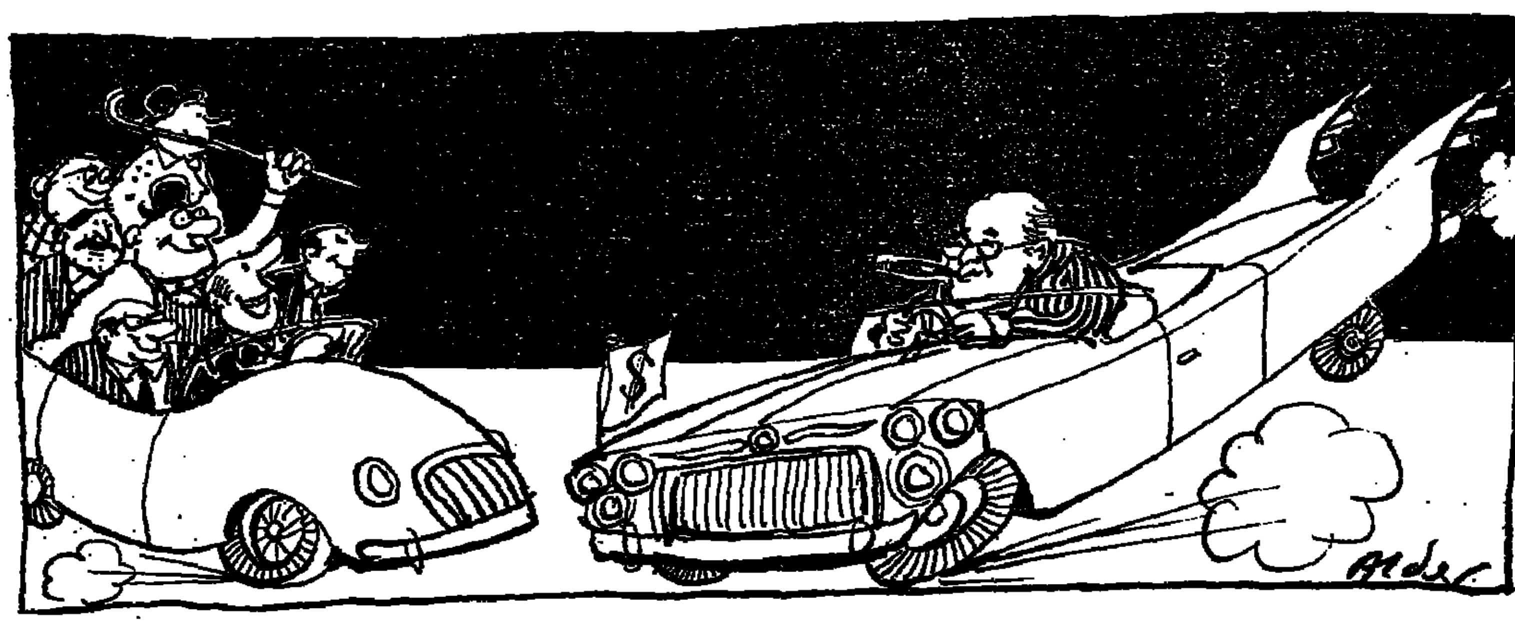
Under the present Government all would certainly have been *different. There would have been* no Government interference in the natural course of capitalism. The result could have been disastrous. For, of all the failures, sloppinesses and incompetences revealed in the book, none is as clear as that of the shareholders, the nominal owners of the dozen or so companies involved. The only constructive interference dates back to the 1920s, when a Shareholders Association, headed, improbably, by a local cheese wholesaler, reorganised the then near-bankrupt Leyland Motors. Apart from that nothing. Even the best brains of the *mighty Prudential, which was* asked by both sides in the merger to evaluate the future of both partners, simply swallowed British Motor's forecasts almost *whole when the most cursory chat* with knowledgable outsiders (or more searching enquiries of the finance director) would have cast considerable doubt on the *likelihood of any of those fore*casts being met. The biggest single shareholder, the Nuffield Foundation, with a quarter of the British Motor equity, followed *the management line.* At the Leyland shareholders' meeting which followed the merger, the directors were decidedly apprehensive; they were aware they could be criticised for merging when they could have waited and bid *for a British Motor, which* they were convinced, would then be near ruin.

Indeed their shareholders have done badly; in the three years since the merger their share price has been dragged down to a third of its 1968 level by the multiple problems brought *in by British Motor.* Yet "*the* shareholders did not ask a single question about the merger: they merely made congratulatory noises." As one of the directors said: "it was a blistering indictment of the shareholders."

*Without Government interfer*ence, it is clear that Leyland would have bid for British Motor. In theory the victim ought to have been defenceless; but all the evidence is that wishful thinking would have prevented *acceptance of the bid by key* shareholders like the Pru and the Nuffield Foundation. Probably, then, British Motor would have slumped to a bad enough *state within 18 months for a* cheaper, rescue-bid by Leyland to be on the cards. In theory this would vindicate the idea that Tory non-interference costs every*one less money, and is less con*dusive to illusions on the part of management and shareholders, than the Labour idea of a guided capitalism. In terms of sheer *money this is true. But, in this* case at least, unless the rescue operation had started in 1968 with the planning of new models it is doubtful whether the Austin-Morris group, the heart of the old British Motor, would have survived at all. It was not that Stokes and his right-hand man George Turnbull, did much rationalising. They sacked no one and did little for two years to sort out the production and *labour chaos. But they did plan* and build the new car, the Marina, vital to the whole survival of the corporation and push major management changes.

The survival of BLMC was a close-run thing anyway: had the merger not been pushed by the Government in a multitude of guises, the delay caused by a *reliance on the normal* forces of capitalism could have been fatal. As the Rolls-Royce and Upper Clyde cases are slowly proving, bankruptcy is not a *salutary policy: it is merely dis*turbing and expensive. And, in the case of ill-managed companies, it's useless expecting the shareholders to act as watchdogs to prevent it.

* "*The Leyland Papers,*" by *Graham Turner, Eyre & Spottiswode,* £2.75.



Who will jump first in Big John's game of chicken?

BY MALCOLM CRAWFORD, Economics Editor

WHAT IS John B. Connally up to now? Despite some surprisingly optimistic reports, the US *still has not indicated* that it will remove the import surcharge, if the other industrial countries revalue their exchange rates by anything less than Washington is demanding. And the US demand is nothing less than enough to improve the American balance of payments by some $11 billion a year—implying an average revaluation by everyone else of something like $13\frac{1}{2}$%. That is the analysis by the OECD staff in Paris and the IMF in Washington.

The meeting of high-level officials in Paris last week was expected, hopefully, to produce a major step towards agreement. Maybe it has, but this is not yet visible. It is not visible, not because of continued disagreement over the numbers, but because it is not yet clear whether Nixon and Connally have decided that they want the crisis settled yet.

Paul Volcker, Connally's under-secretary for monetary policy, told the Paris meeting that the US was now quite happy to live in a world of floating currencies (*the US* Treasury was highly apprehensive about floating rates, before the crisis began), while back in the US, Connally speaks and rouses standing ovations. A growth rate of more than 6% is now predicted for the US in the first half of next year. Re*member the game called* chicken, that teenagers in the US used to play with old cars? They aimed them at each other at high speed, and whoever veered off course first was a chicken. That seems to be Connally's game.

We want trade not aid

Officially the American demand is a "swing" of $13 billion, but reading between the lines, it appears to be $11 billion. The other members of the Group of Ten came up with figures totalling some $5 to $6 billion, based on assumptions that they all need current account surpluses. *(They all claimed to expect* to be exporters of capital—*even Canada!). It all added* up to a total current account surplus of OECD countries to some $20 billion, which is ridiculous.

Suggestions were made that the US might look to a further improvement in its payments from a revival of foreign confidence in the US. *To this* Volcker replied: "We want *trade, not aid!*"

The argument over the amount of payments improvement which other countries must provide the US has become quite unreal, and is now relatively unimportant. For, apart from Japan, France, and perhaps (marginally) Italy, the increases in exchange rates already realised in the market *amount to a bigger "offer"* than the officials of the nine made in Paris last week.

The Japanese know they will have to let the yen rise another 6% or 7% (the yen is now 9% above par) and while the French are not yet prepared to admit this, the need to reach a Common European Community position will force them *to revalue by at least 6% or* 7%. Given these changes, the result would be a coherent realignment averaging just over 8% (the mark and the guilder are already above that). On the economic figuring now in use, this should bring about a swing in the US current account of some $7 billion.

Retaliation would not work

To this must be added some positive effect on capital flows. Insofar as American firms establish export operations in *revaluing countries, their deci*sions would have to be thought out afresh, after currency realignment is complete. And decisions to invest in the US would be favourably affected. So would foreign portfolio *investment in the US.* No sensible calculations can be made about these changes, but they would augment whatever gain the US stands to make on her current account.

So it is now over to the politicians. Will Nixon and Connally decide to remove the surcharge *as soon as* Japan and France bring their currencies into line?

The US is tactically in a strong position. Retaliation against America on trade will not work. The nine would hurt each other far more than the US if they did that. The US, which generates 96% of its Gross National Product internally and only 4% from trade, does not need trade in manufactured goods, in the short run. Last week's Danish import *surcharge may look like a cloud* on the horizon, but it is an isolated event. The Danish devaluation of 1967 did not work, and their payments position has steadily deteriorated. They would have had to do something even if Nixon had never imposed the surcharge.

It is remarkable how many countries will need to take part in the realignment (or so the international studies show). *Although it is the big nine that* matter (Japan, West Germany, Britain, France, Italy, Netherlands, Belgium, Sweden, and Canada) many lesser countries, with high exposure to external trade, and with payments in surplus, would suffer an adverse change in their *terms of trade—causing inter*nal inflation — which their people would certainly notice. This applies to Spain, Austria, and Switzerland; probably Taiwan, Hong Kong and the Philippines (with economies closely linked to Japan), and possibly some other underdeveloped countries.

Australia is a particularly *interesting case. If it kept its* rate unchanged against the dollar, most of the benefit would accrue to profits of its foreign-owned exporting firms chiefly exporting primary products whose prices, in dollar terms, would rise. There would be little gain to Australians, if *Australia did not revalue too.*

But although Nixon and Con*nally can sit* and survey the international scene with a certain mephistophelian delight, time is not altogether on their side. There are two points here. First, some countries' export industries are going to be severely damaged. Germany is already sliding into a *recession on account of this* (growth in West Germany in the first half of 1972 is forecast at 1.8%, about $3\frac{1}{2}$% below capacity). Elsewhere, export industries will be hurt, even if the overall growth does not suffer much.

It is difficult enough for *ministers of these countries* to make concessions on ex*change rates now; it will be* much harder for them to make *further concessions* once the effects on employment in export industries make themselves felt. There is a limit to the extent to which even finance ministers can put their *own exporting firms out of* business.

The other causes for concern in Washington is American capital investment abroad. Here is Connally's Achilles heel. Other countries could *help America* solve its payments problem by taxing *American investment in their* countries. There would be great administrative difficulty in finding an agreed uniform approach among the Nine. But the *to-be-enlarged* Common Market (including Britain), with the EFTA countries which will be associated with the EEC *in some form, could impose a* uniform tax on foreign investment from outside the group—which would in practice mean a tax on American investment. If that were seen on the horizon, the surcharge would come off very quickly indeed. And if it did not, European *countries would gain tax* revenue, paid partly by American firms.

Settlement for Christmas?

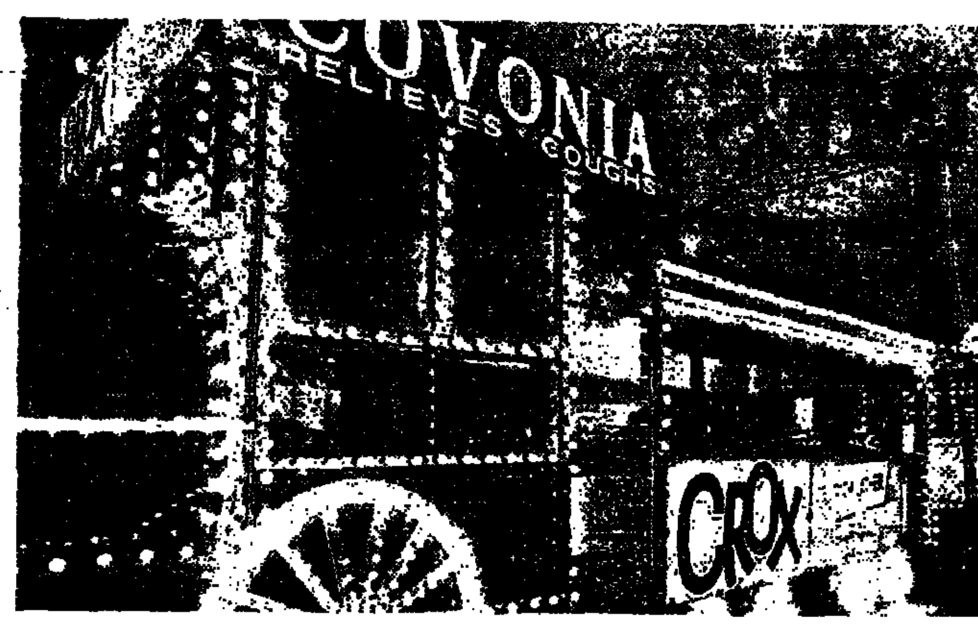
The means of saving the faces of European countries, some of which have been denying any intent to change their parities (and all of which have insisted on the US raising its gold price), has been worked out already in the smokeless *backrooms of Paris and Wash*ington. Provisional fixed rates *will be struck,* as a "temporary" arrangement pending changes in parities. The par values of currencies will not change, nor will the gold ratios (which will remain theoretical in any case so long as official gold dealings remain suspended).

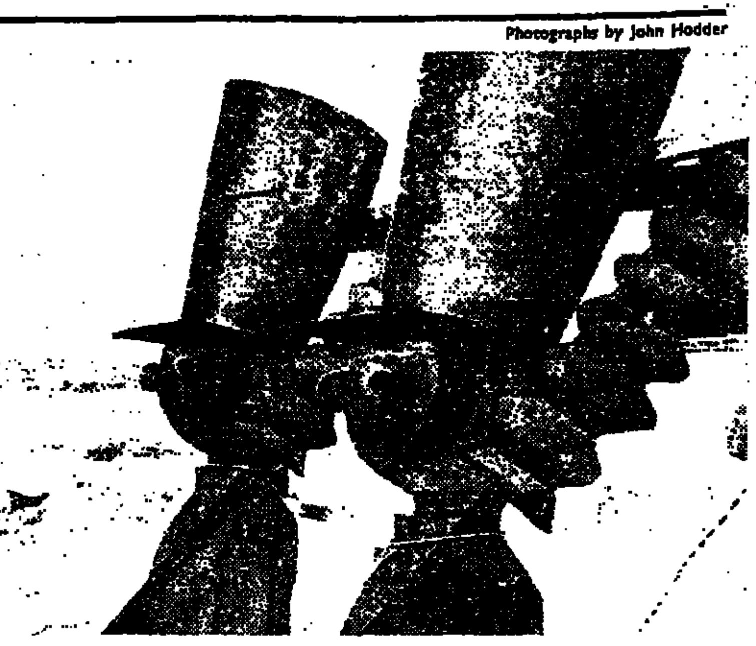
These proposed provisional fixed rates are being called "pivotal rates." But some currencies (outside Europe) are still likely to go on floating.

A settlement by Christmas seems a reasonable bet—provided Europe stiffens its back up.

مكتز من الاجل

Photographs by John Hodder





An illuminating look at a scene of external gloss and internal decay threatening the good old-fashioned British holiday mecca of the North RICHARD MILNER reports from the Golden Mile

Hey up lad, it's about time Blackpool saw the light

ONIGHT the lights go out all 'er Blackpool. Six miles of azing promenade, 50 miles of stoon strip and 375,000 light ilbs will be turned off. The ıvalcade of Bathing Beauties, e Heraldic Highlights, the ıcky Stars, the Rotosphere, e Toddlers' Toybox, the 'inter Wonderland—not to ention those bogus Sills, ıllions, Pediments and Ionic lumns that have been stuck to the Town Hall—will be ıen down and stored away. has not been a bad season, things considered. And 1972 ould be at least as good. But ll the Illuminations keep the owds and the cash rolling in years from now?

Blackpool is the wonder of e North West. About 8½ llion people go there every ar, 5 million during the ason. It has the biggest Ballom in the North, the biggest wer in Britain and the bigst Amusement Park in ırope. It has about 4,000 tels, guest houses and flats. It can find beds for ound 250,000 holidaymakers. d yet it faces a very real oblem of external gloss and ernal decay.

"Blackpool is still a very pular holiday resort," says vn Clerk Roland Hickman. ut the town has reached the nt in its history where it st begin to make some tty rapid strides forward if : to maintain its pre-eminent ition."

lackpool people have heard sort of thing before. Every r, as more UK holidayers put on their sunglasses fly out to Benidorm, rovnik, Marrakesh or Rhodes, some newspaper Jonah predicts that The End is Nigh. And every year families from Birmingham, Glasgow, Manchester and Widnes pack their bags with a sigh of relief and head for the Golden Mile. Landladies at Avondale, Holmleigh, Northview and Seabank give them a real home from home with colour TV and cocktail bar. The kids go to Pleasure Beach, the wives go shopping and the husbands go for bracing walks along the prom on the mornings after. So why should anyone worry?

As a holiday resort, Blackpool has several advantages over its UK competitors. For a start, the town has seven miles of golden beaches and is strategically situated only a short distance away from several major industrial areas. Second, it has been in the holiday business for more than 200 years and knows (or at least knew) what its customers want by way of entertainment. Third, it has been featuring full-scale Illuminations since 1925 and—for the relatively modest running cost of £187,000 a year—has worked a minor miracle by extending its season from the Spring Bank Holiday through to the dog-end of October.

Only a few local malcontents have had the nerve to complain about the cost of the Illuminations (4p on the rates), on the grounds that outsiders *can* drive in to see this "Greatest Free Show on Earth" without actually spending anything in the town. By laying on this £600,000 display, Blackpool Corporation has extended the normal holiday season by four or five weeks. It is a small price to pay for "No Vacancies" notices in guest-house windows in the third week in October, when gale-force winds lash slush-coloured breakers off a gunmetal sea and cab-drivers reckon cheerfully on 31ft tides swamping the South Shore.

Blackpool is a quite fantastic entertainments centre. Ken Dodd and his Tickling Stick has been playing to the tune of £23,000 a week at the Opera House, which, along with a major chunk of the town's showbiz real estate, is now owned by Electrical & Musical Industries. "It's an all-time record," Bernard Delfont observes happily, leaving his cigar to smoke itself. And this is really an understatement. No other theatre in the world has been packing in an audience of more than 35,000 a week, with the exception of Radio City. And this is only one of ten major shows, to say nothing of those in dozens of pubs, clubs and cabaret-bars.

Value for money is civic motto

Nor should anyone attempt to minimise the enterprise, goodwill and vigour of Blackpool's landladies, the quietly seething butt of so many music-hall jokes, or their financial influence. Somehow, they contrive to provide full Lancashire board and most mod. con. at around 30s a day with reductions for kiddies and old age pensioners. And they are traditionally invited to the dress rehearsal of the Northern comedy at the Grand Theatre, with reason. For they make recommendations about all the shows to their guests and take advance bookings. It may cost £40,000 to stage a major show at Blackpool but advances can total £60,000, against (say) £4,000 at Paignton.

Part of the problem is that Blackpool is no longer quite certain who it is catering for. When the first holiday advertisements appeared in 1776, the promotional emphasis was on the physical benefits of a seaside holiday. Something of this spirit still lingers on in hotel names like Queen's Hydro and the offer of "remedial baths" in the posher atmosphere of Lytham St Annes. Later came the funfair ballyhoo and the presentation of Blackpool as the working man's dream of paradise. Then the working man started to go to foreign places such as Spain, didn't like the food too much but came back with a taste for luxury comfort at a bargain price.

If Blackpool has a civic slogan, it is "Value for Money." Impresario Bernard Delfont insists that this is what his customers want, and so does hotelier Eric Farley. And if any one up there is interested in an unsolicited testimonial from a Southerner used to Southern prices, that is precisely what the average Blackpool holidaymaker gets. But for a town so concerned with the value of money, it is astonishing how little the average Blackpool hotelier impresario knows or even cares about where that money comes from. Established success had produced an almost inbred complacency. So long as the money is there, why worry? After all, as far as most ordinary folk are concerned, you can keep your Costa Brava. . . .

Even now nobody in Blackpool knows exactly how many people actually stay in the town or how long they stay or why they have come there and whether they will come back. Such statistics as are available come from traffic figures, which (in view of the ever-changing Illuminations) can provide only the vaguest idea of the town's popularity as a resort—or its prospects. For what it is worth, incoming traffic was up by around 5% in September and October. Most people would rather forget about the postal strike and bad weather that got the 1971 season off to a bad start. Blackpool Corporation is now at last conducting an in-depth survey with the British Travel Association.

Results of this survey will not be available for some months yet. But two important points are already clear. First, that Blackpool is *not* a typical British holiday resort. Partly as a result of its "cloth cap" image, business at several top-class hotels is rather slack during what would elsewhere be the height of the season and picks up properly only when conference time gets under way in the autumn. It comes as something of a surprise to hear that general manager Jack White of the four-star Imperial Hotel, for example, takes his holiday in August. Second, the pattern of holiday-making has changed and is still changing.

At first sight, this is not obvious. Lancashire towns still shut down for their "Wakes Weeks" and come to Blackpool almost en bloc, filling the amusement arcades, cabaret bars, fortune-telling booths and steak 'n' chips restaurants. Police leave is still cancelled for the two Glasgow Weekends, though by all accounts rather less of a rough old time is had by all. And even though Blackpool Corporation prints its brochures in seven languages and Mr Delfont insists valiantly that "it isn't all Northern comics," the facts remain that there aren't many Continentals around and the stars of three 1971 EMI shows were Ken Dodd, Jimmy Tarbuck and Hylda Baker.

Naturally, it would be ridiculous to suggest that the Blackpool entertainment scene does not change. It has to change to stay on top. Ken Dodd has done terrific business in at least four of the past 10 years. But in 1972 there will be another top star at the Opera House, paid at London rates with a percentage of the gross as an extra attraction. Last year Delfont converted the cavernous Empress Ballroom, where 4,000 couples could dance without treading on each other's toes, into a more clubby Stardust Garden along the lines of his Talk of the Town in London. Business this year has trended up, as Blackpool got used to the idea. Next year the Stardust Garden should make *money.*

Hair hits the wrong note

Holidaymakers are constantly demanding something better, different and more up-to-date. Boutiques and night clubs are opening up all over and, although individual ventures may crash with a screech of debts, will almost certainly become familiar features of the Blackpool townscape. But this is a gradual process of sociological revolution. Fundamentally most summer visitors are still out for a good laugh and a song, a few drinks and maybe a little dancing. Ripley's Oditorium, featuring a shrunken head and funny tombstones, has been crowded. Clinton Ford and his Old Time Music Hall has done very nicely. "Hair" was a flop.

Some institutions have gone from strength to strength. Like the Blackpool Pleasure Beach Company, which was founded in 1906 and now sprawls over 40 acres on South Shore with its Casino building housing a restaurant and three huge bars, an Ice Drome, 18 cafés and 41 "rides" including Britain's only Log Flume—a sort of water-borne roller-coaster 2,500ft long. After the Astro Swirl in 1969, Pleasure Beach is now introducing another £100,000-plus thrill with its new Gold Mine. Visitors in "ore trucks" plunge through the shaft of a Sierra Nevada gold mine "amid the dangers of falling rocks and violent explosions." It is officially described as "a terrifying experience."

Pleasure Beach finances new attractions reckoned to cost up to £250,000 apiece on the back of its own huge success. It is a private, unlimited company and chairman Leonard Thompson, who runs this mammoth thrillerama with his son Geoffrey and finance director Charles Burrell, aims to keep it that way. Turnover and profit figures are not disclosed, only mechanical statistics and the price list. Will it ever go public? "I don't somehow see him going into the market," Burrell observes thoughtfully. When almost every visitor to Blackpool comes round to spend up at your place, it generates a powerful feeling of independence.

But Blackpool is much less well-placed to meet changing trends on the hotel front. Conferences have become increasingly important as a method of filling beds in the off-season—and not just those much-publicised get-togethers of the Conservative Party, the Labour Party and the Trades Union Congress. At least one retailer reports that his peak trading period is the last week in January and the first week in April, when 1,000 exhibitors and about 30,000 buyers get to *work on their expense accounts* at the International Gifts Fair. Blackpool already has a fair chunk of the heavyweight business, as it can manage to seat 4,000 delegates in the same room.

Finding this number of bedrooms without dotting people haphazardly all along the Fylde coastline, though, is another matter. At a recent Tory Party Conference, for example, John Wilkinson of Telefusion was asked if he could put up a very senior West German politician. "I didn't mind at all, actually," he comments. "He was a very interesting chap." From the town's viewpoint, however, this sort of thing matters a great deal. Conference specialist Bert Newby reckons that Blackpool could make up for a (national) average downtrend of 10% a year in seaside holidaymaking with extra conference business. But only if it provides the right kind of accommodation.

Newby retired this year as conference-chaser in chief for the Blackpool Tower Company (alias EMI), and was promptly recruited by Eric Farley, an ebullient 36-year-old North Londoner who made his pile with a group of budget-price Bayswater hotels and now aims to work the oracle on the larger and more luxurious Norbreck Hydro that he bought last December. "We took over a bloody great prison," he says bluntly. "Now we are making that prison into a bloody good castle." A £600,000 development plan is under way to transform this crenellated pile into a modern 700-bed luxury hotel, incorporating a brand-new motel wing and a custom-built 4,000-seater conference hall, in time to catch corporate trade next October.

Already the Norbreck is looking whiter outside and much more professional inside, sporting an imaginatively-designed hotel bar that would not disgrace the most ultra-modern establishment. And although the hotel operates at an average capacity of less than 40%, the separate Castle Bar on its right wing is generating a turnover of £150,000 to £200,000 a year and helps the whole operation into the black. "We're selling conferences a bit in the air at the moment," Newby admits, "but I've booked the Club Trades Fair in October next year."

Blackpool Tower seems to view its potential rival on the Queen's Promenade with a certain lofty tolerance. "Good luck to him," says general manager Mr Gledhill, "because the money all goes round the town. Some of it is bound to rub off on us." But just as Farley sees conference business as a means to boost the Norbreck's occupancy rate, so profitable bar takings could be creamed off the Winter Gardens if Bert Newby managed to swing some of the key conferences from the old-established venue to the brand-new facility. And there can be little doubt that the town needs an all-round operation.

To its considerable credit, Blackpool Corporation realises the need to attract more conferences, to cater for increasing numbers of weekend visitors, and to plan even further ahead to fill the gaps in its entertainment programme. It is now working on the first £500,000 phase of Blackpool Zoo, which is scheduled to develop into a regular "mainstream" zoo like Regent's Park or Chester. And a very interesting place it should become, starting with a Universal Zoo in the middle and with distinct continental sections radiating out towards the perimeter of the 100-acre site. It is expected to open next spring.

Inevitably, there have been some groans about the burden on the rates. But managing director Cyril Grace, who quit as head of Dudley Zoo because he reckoned that the new owners were more interested in funfairs than fauna, is budgeting for profit as well as preservation—starting with a pair of Whitaker's Wildebeeste bought from De Beers. And he is determined to involve Blackpool people. The Hotel and Guest House Association people have subbed up for an Indian elephant (they wanted something symbolic but turned down his original impish suggestion of a brace of vultures), and the Waldorf is sponsoring a pair of pumas.

Two crucial barriers

Blackpool Corporation is now setting its cap at the West German market in a bid to attract more Continental visitors. But there remain two crucial barriers. First, neither Blackpool Airport nor Blackpool North Station presents the most attractive prospect to the incoming tourist. And although British Rail plans to build a new station (it was scheduled for 1971 but deferred), the airport is more "political." Locals do not take kindly to its development, as it costs them £60,000 a year and is mostly used to fly people *out* to the Isle of Man. Some £15,000 has been spent on new customs facilities, though.

Second and more important, *not one solitary hotel has been built in Blackpool since the New South Promenade was developed in the 1930s.* Even medium-sized guest houses have installed H & C in all rooms, fitted cocktail bars and built sun lounges out in front. Some middleweight hotels like the Chequers have built new extensions, some like the Kimberley have even (in line with their patrons' newly-acquired Continental expectations), sacrificed bedrooms to provide more bathrooms But many of the buildings are Victorian, inevitably showing their age behind the new frontage. And there is a limit to the most thorough "modernisation."

But current economics militate against the building of new medium-price seaside hotels in Britain. This problem is not, of course, peculiar to Blackpool. But because Blackpool is Britain's biggest holiday resort, because it has been in the business longer than most and because it takes a justifiable pride in good value at low prices, the town will in future stand to be particularly hard hit.

"If something's there and it's serviceable, it's too good to knock down — that's the trouble," as one businessman said. Small wonder that Town Clerk Roland Hickman would like to get one brand-new top-class hotel on the Pembroke Estate seafront site. And that others are wondering whether more affluent visitors would pay a premium for new motel rooms in Blackpool.

SUNDAY TIMES BUSINESS NEWS

Prufrock

The orange groves of Leeds

THE ORANGE CROP in Leeds this year is as good as ever. Anyone wishing to verify this citric curiosity, and at the same time investigate the city's growing fame as a source of subtropical trees and plants, should catch a number 66 bus from outside the railway station and go all the way to Leysholme bus terminus.

From there it is a short safari to Derek Fall's nursery on a hillside overlooking the grey, grimy, richly chimneyed Leeds landscape. There you will see his orange trees in full fruit. His banana, grapefruit, lemon, pineapple and passion fruit trees are growing a treat too. So are the bougainvillaeas, hibiscus and oleander and one of his lime fruits already weighs 22oz.

It is a warmer world under the glass of Fall's nursery than it is in the Yorkshire air outside. It is quite an astonishing business one too. Coals to Newcastle are one thing, but selling orange trees to Spain, bougainvillaeas and oleanders to Italy and other sub-tropical exotica to Africa is a marketing triumph to which it takes a bit of time to get acclimatised.

Not that they all go to the tropics. He has sold banana trees to Norway and cotton plants to Portugal. In Italy they are potty on his oleanders. For some reason they don't seem to have the range of colours there that he gets—pinks, whites, reds and yellows. The funny thing is that Fall, up there on his hillside, doesn't think there's anything particularly special about growing sub-tropical plants at all. He says anyone with a greenhouse at a modest 55 deg F can grow his own oranges and bananas—and eat them as well.

"People forget that it can get cold in the tropics and you have frost in the desert," he says remembering his service with the Long Range Desert Group during the second world war. "You can grow most sub-tropical plans at a minimum of 45 deg and just about anything at 55 deg.

"Nonetheless there are problems. Ordinary yellow banana trees for example. They grow to a height which would swiftly push holes through the roof of his greenhouses, a phenomenon which might prove perturbing for passengers off the last late bus on a Saturday night. Though come to think of it, what he does instead could give you a shock after a wild night out.

Instead of mellow yellow bananas he grows red, velvety skinned ones. These trees only attain a modest 5ft 8in instead of 8ft or more. Reasonably enough Fall thinks his red-skinned bananas and other sub-tropical plants make him the only nurseryman of his kind in the country. Even the Royal Botanic Gardens at Kew pass on inquiries they get to Leysholme Nursery, and lately he has been profiting from the growing number of private indoor swimming pools being built. They have just the right humid conditions for tropical gardens.

The business started accidentally 16 years ago when Fall took over a derelict nursery on the Leysholme housing estate. It had half an acre of glass, mostly broken. At first he trod the usual horticultural path with geraniums and herbaceous plants. Then he began to grow tropical ones in one of his greenhouses, more as a hobby than anything else.

"People wanted to buy them instead of the geraniums," he says, "and it just grew from there." Most of the business is done through mail order with 10% of the sales overseas. "The nurseries in Africa, for instance, don't seem able to compete with me. Their range is limited while I offer 1,000 different plants in my catalogue," says Fall. For example he has 26 different varieties of bougainvillaea. Even allowing for selling orange trees to Spain his proudest moment came when Geests, the big banana grower and importer, ordered 10 banana trees for its headquarters in Spalding.

Some sales spring from people's desire to score over friends. Loquacious vegetable marrow fanatics have been stopped in their tracks by a man giving a brisk discourse on his orange crop, even though they only grow to tangerine rather than Jaffa sizes.

Having what looks very much like a minor sub-tropical plant monopoly doesn't mean you can do without fanning the flame of entrepreneurial fire now and again. Look at the chance Fall took with bananas a couple of years ago.

"I grew 1,500 plants and people said I was mad. But they all went inside 10 months for £3 each," he says. On average he sells 800 citrus fruit trees a year for £2 each, offers bougainvillaea at about £1.50 each, 25 different kinds of hibiscus at £1 a time and oleanders at 75p each. If you wanted to serve home grown and ground coffee after your home grown tropical fruit salad Fall has £1 coffee plants which yield beans.

Perhaps most bizarre of all is that Fall is a valuable source of humming bird baths. According to him a surprising number of people keep humming birds in Britain and the problem is that the humming birds don't go for the sort of plastic product a budgie would settle for. Which is one of the reasons why he grows promelias, a plant which has to carry water in its centre to survive, and which humming birds have long awarded rosettes for comfort and mod. cons.

John Hodder

Derek Fall: red bananas among the chimney stacks

Jethou goes pop

MY STORY last week about the tiny, taxless Channel Island of Jethou coming up for sale has caused a stir among island lovers everywhere. So much so that there has been a minor stampede for the lease, which has 24 years to run.

The competition from potential buyers is so keen that two cheques for £10,000 have already been put down as deposits, although they have not yet been accepted. You will recall that the present Crown tenants, Angus and Susan Faed, are asking £40,000 for it plus £5,000 for effects. Joe Tingay, their estate agent in Guernsey, tells me the response has been amazing. He has had telephone calls from all over Britain and some people phoned seven times. "I suppose I have had more than 100 telephone conversations so far and my office had to keep lines speciallly cleared for me," says Tingay.

Details have been sent to inquirers as far apart as Dublin, Geneva and the Scilly Isles. One wanted to swap an equivalent property in another island for Jethou, or alternatively swap Jethou for furnished accommodation in the West Indies. Another wondered whether the island could be developed as a self-catering holiday spot.

Yesterday five contenders were due to visit Jethou. "If they are all still keen afterwards we may have to hold an auction," says Tingay. "That really would be something, wouldn't it? Everyone sitting in Sir Compton Mackenzie's old library with the bids coming in at £1,000 a time." Just in case, he thinks he will take his auctioneer's hammer with him.

SOMEONE once said Britain and America were separated by a common language. Robert W. Sarnoff said it again in London last week.

He was talking to a gathering of British businessmen and as befits a man who is chief executive of RCA, the big American company which is in everything from radio and TV to publishing and car rental, he went to some pains to avoid any semantic misunderstandings by defining his terms before he started. Thus according to Sarnoff:

Economics is an arcane religion practiced by economists, a large body of people, who, if laid end to end, would still point in all directions.

Finance is the art of passing currency from hand to hand until it finally disappears.

Currency is an assortment of frequently exchangeable substitutes for work or merchandise. The most familiar is the dollar, a unit with the odd property of appearing to become worth more to some as it becomes worth less to others.

Government is a word of an economic paradox, the only service for which we are grateful not to get as much as we pay for.

Inflation is a condition of fleeting affluence which explains why you can't take it with you: it all goes before you do.

Philip Clarke

Make life less cosy for the gas ma[n]

ANY OTHER BUSINESS by Peter Wilsher

£ FOR SEVERAL WEEKS this summer, the pavement outside my house was made impassable, for several hundred yards each side, by men tearing up and replacing leaky gas mains. It is still scarred by a lumpy and irregular band of make-shift asphalting, to the point where my neighbours are getting up a petition to the local council to do something about it. Several rose bushes and a mass of tulip bulbs in my front garden were lost for ever as squads of enthusiasts trenched and re-trenched in search of an elusive North Sea odour. So it was with a slight feeling of disorientation that I read last week, in the Report of the Select Committee on Nationalised Industries on "Relations with the Public," the sturdy, unhesitating evidence from the chairman of my local Gas Board that he had had "no problems whatsoever" with the tricky matter of natural gas seepage. That, he assured the deeply impressed MPs, was something that only happens in Holland. And so the committee passed on to the next fascinating subject.

In fact it passed on, in all, to some 616 pages of evidence, in which coal men affirmed that none but the most bizarre of customers ever complained of trouble with solid fuel supplies, electricity men swore that the instant cut-off was really the most humane way to deal with defaulting bill-payers ("We have a drill with the welfare people"), and telephone men confided that sometimes they felt there was a danger of complacency eating into their efficiency, because of the astonishingly few complaints they received.

Altogether, this document, which you can purchase from Her Majesty's Stationery Office for a trifling £4.70, constitutes a positive poem in praise of public enterprise, as seen from the strongholds of public enterprise—and those strongholds appear, unfortunately, to include virtually all of those cosily incestuous organisations which are supposed to represent the interests of the user and the consumer of these inescapable State services.

In page after page of good cheer, the representatives of such groups as the Central Transport Consultative Committee and the Domestic Coal Consumers' Council, hug their chains and announce how delighted they are with their present set up. And then, in paragraph after paragraph of polite questioning, the parliamentarians bring out the dreadful dingy truth of their situation. That by and large they occupy offices, and live on the (usually minimal) budgets, provided by the boards whose activities they are supposed to police. The heavyweight members of those boards sit in on their deliberations to make sure that things don't get out of hand. That frequently their chairmen are seconded from that board's own ranks. That they have no power to publicise any criticisms they may care to make, except in the small print at the end of their annual reports, which is, of course, published at the expense, and under the auspices, of the board that is supposed to be their charge. And that, in the words of Mrs Beale of the Coal Consumers, the reason why they have so few complaints to report is that "not one person in a thousand has ever heard of our existence."

But of course in this fairy-tale world complaints are the exception, rather than the rule. The Post Office, for a start, never seems to get any at all—despite the fact that its evidence cheerfully admits that, if an STD subscriber queries the number or extent of the dialled calls he is supposed to have made, there is no way at all in which his claim can be verified or disproved. "We just have to accept what the meter records, and look at his average use," is the offhand message. And if his line got crossed with somebody's lonely au pair calling Mummy in Marseilles, well that's just tough luck, baby.

£ The Southern Electricity Board was a bit more forthcoming. It did at least admit to receiving 1,000 irate letters a quarter from its customers But even that is pretty small beer among several million. But of course, it all depends what you mean by complaints. My own electricity board, unfortunately, did not volunteer any evidence. But it did occur to me to wonder, rea[...] the emollient words of its [...] leagues, just how the unen[...] saga of my night storage he[...] would figure in the comp[...] records.

This object, you will be [...] cinated to hear, suffers from [...] over-sensitive thermostat. W[...] means that if you breathe o[...] it switches itself permanently [...] So far this year, it has [...] visited by 23 more or less ski[...] representatives from the E[...] tricity Service Department. [...] less ambitious merely re-se[...] The more highly skilled take [...] the thermostat and replace i[...] makes no difference. But now [...] have moved on to higher gro[...] It is the lagging that is wr[...] So new lagging is ordered. [...] weeks delay, strip the mach[...] down to its components, and [...] find the lagging is the wrong [...] Rebuild and start again.

Now, at last, after three [...] of standing charges, numer[...] (disputed) bills for maintena[...] and a final middle-level ex[...] sion it is—temporarily, no do[...] —working. But for "compla[...] purposes, I suspect it only cou[...] as one, or just possibly [...] actual letters. And even they [...] not have gone far enough up [...] hierarchy to qualify as genu[...] "consumer protest." So my bo[...] can slumber on, content in [...] confidence that it is doing [...] grand job.

£ The Select Commit[...] happily, does not share [...] complacency. In fact it [...] ously thinks the w[...] set-up stinks. It wants the nat[...] alised boards to come m[...] cleaner about their future pl[...] it wants to make the exist[...] consumer committees far m[...] independent and critical, [...] unfettered access to funds, [...] sultancy and a wider ring [...] future members; and it wants [...] drop all the ridiculous limitati[...] which forbid, for instance, [...] transport committees, to dis[...] something as fundamental [...] fares.

All this is fine. But ultima[...] it all depends on getting s[...] consumers on the commit[...] who will actually probe, [...] pressure, and propagandise on [...] half of consumers at large. [...] the Select Committee, for w[...] seem to it good reasons, tu[...] down the idea of election, [...] remains up to Ministerial nom[...] ation. And the best job Edw[...] Heath could do for the natio[...] ised industries—far better t[...] hiving bits of them off—wo[...] undoubtedly be to get some rea[...] well-financed and abrasive Na[...] types to snap at their heels.

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